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ESTABLISHED 1887

Shultz Says the U.S. May Tie Length of Treaty to SDI Tests

By Frank Swoboda Washington Post Service WASHINGTON — Secretary of State George P. Shultz, denying that President Ronald Reagan was willing to compromise any part of the Strategic Defense Initiative...



Policemen examining the bodies of people slain at a voting station early Sunday in Port-au-Prince, Haiti.

Haiti Cancels Vote After at Least 25 Die

By Julia Preston Washington Post Service PORT-AU-PRINCE, Haiti — National elections were suspended Sunday and the independent electoral council was dissolved by the military government...



Rescue workers in Haiti helping a wounded man Sunday.

Iranian Fugitive Leaves France in Apparent Deal

By Joseph Fitchett International Herald Tribune PARIS — An Iranian official whose refusal to testify in a terrorism investigation led France to break relations with Iran was freed Sunday after he surrendered for questioning...



Wahid Ghorji

Arms Experts See Impact Of Gorbachev in Treaty

By Gary Lee Washington Post Service MOSCOW — The willingness of Mikhail S. Gorbachev to scrap the Kremlin's medium- and shorter-range nuclear missiles as part of an arms agreement with the United States is viewed by arms control experts in Moscow as a dramatic symbol of his impact on national security policy.

Kiosk 15 Feared Dead In Chile Slide

SANTIAGO (Reuters) — At least 15 people were feared killed Sunday when a landslide buried a construction workers' camp at a hydroelectric project in the Andes mountains east of Santiago, police said.

Cubans End Standoff, Free Louisiana Hostages

OAKDALE, Louisiana — Cuban inmates at a federal detention center here freed all 26 of their hostages Sunday, ending a nine-day standoff. Prison officials embraced the former captives as they filed out of the Federal Alien Detention Center between two rows of smiling Cuban detainees.



Paris Racism Protest

Two demonstrators stopping for a word among the tens of thousands of people who marched Sunday through central Paris to protest racism and discrimination against immigrants.

A Talent Drain in Asia, Pacific

By Michael Richardson International Herald Tribune SINGAPORE — A growing exodus of talent and wealth from some countries in Asia and the Pacific is undermining their prospects for economic growth, officials and businessmen in the region say.

Economic Debate Centers On U.S., West Germany

By Steven Greenhouse New York Times Service PARIS — With each passing day, it looks as if any meeting of the Group of Seven industrial nations will focus on measures to be taken by just two of the countries: the United States and West Germany.

Vertical sidebar containing various advertisements including 'PEOPLE', 'BOOKS', 'MARKET', 'AUCTION', and 'USA road-tested'.



# Takeshita Signals Activist Role Abroad

**By Patrick L. Smith**  
*International Herald Tribune*

**TOKYO** — Although Prime Minister Noboru Takeshita's first speech to the Japanese parliament on Friday focused on domestic issues, many analysts also viewed it as a strong indication of the new Japanese leader's intention to take an activist approach to foreign affairs.

The analysts also said that in linking political and economic reforms at home to the nation's relations abroad, Mr. Takeshita was signaling Western allies and Asian neighbors that he would continue the outward-looking policies of his predecessor, Yasuhiro Nakasone.

But while he intended to reassure other nations, the prime minister's address was also a reminder that managing Japan's relations with the rest of the world was likely to prove his most formidable challenge.

Mr. Takeshita, who took office earlier this month, has been widely seen as a domestically oriented politician who holds the traditional values of the Japanese village in highest esteem.

Accordingly, the prime minister has sought to dispel the im-

pression that he lacks the experience and global awareness of Mr. Nakasone.

His speech Friday, in which he called on the Japanese to "harmonize" with the rest of the world, was viewed as part of this effort. Mr. Takeshita's primary task, policy experts say, will be to re-

**NEWS ANALYSIS**

onceil Japan's close U.S. ties with a growing restiveness about the United States among many Japanese. Although relations with Washington have been smooth with regard to security issues, they have reached a low point on economic and trade matters.

More broadly, the nation's new leader must balance a new set of demands being pressed upon Japan by its allies against constitutional limitations on its military and security roles.

"Foreign policy is going to be the single most difficult aspect of Takeshita's administration," a Western diplomat recently said. "Japan can't take a single step without running into one of its taboos."

Those taboos include Japan's constitutional repudiation of war,

its disavowal of nuclear weapons and a military role strictly limited to self-defense.

Recent contributions to global summits on issues of arms control and security, as well as economic relations, are a source of national pride. At home, the pace at which the nation is assuming greater responsibility for its own defense is unprecedented in the postwar era.

The ultimate issue, many Japanese analysts say, is this: How can Japan articulate a foreign policy of its own within the context of its close identification with the United States?

"It's not a matter of being different for the sake of it," an Asian diplomat said. "But they're groping for a distinctive position, a set of foreign policies that can creditably be called a Japanese contribution."

In attempting to accommodate U.S. demands for more open markets — a task to which Mr. Takeshita committed himself on Friday — the prime minister must face the fact that much of the pressure for domestic reform is external.

While U.S. officials continue to press for concessions, there is an

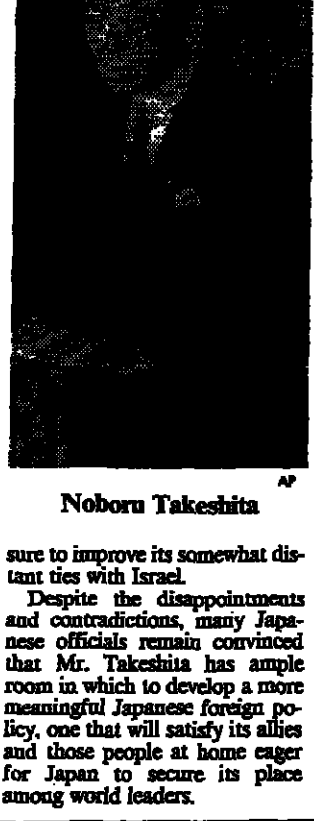
increasing sense of outspokenness in Japan, which some observers believe may lead the nation to drift away from its close involvement with the United States.

"We have the world's largest creditor nation dependent on the world's largest debtor for its security," said Masashi Nishihara, a professor of international relations at the National Defense Academy. "It's a situation that will have to be changed."

Relations with China have become equally frayed. Beijing has signaled a limit to its ties with Tokyo by its frequent references to Japan's militarist past. Analysts have also begun to worry that relations with South Korea, which improved under Mr. Nakasone, will come under the same nationalistic pressures that now color Seoul's relations with Washington.

On many other fronts, Japanese diplomacy has boiled down to a similar pattern of assertion and retreat.

After a warming trend, relations with Moscow have cooled. While maintaining an independent position in the Gulf, Tokyo is apparently bowing to U.S. pres-



# 159 Feared Dead as Jet Goes Down Off Mauritius

**JOHANNESBURG** — The bodies of five of the 159 people feared dead in South Africa's worst civil air disaster were recovered Sunday from the Indian Ocean, more than 24 hours after the crash of the plane in which they were traveling.

Mauritian officials said more bodies and debris were likely to be found from the South African Airways Boeing 747, which plunged into the sea Saturday while nearing Mauritius on a flight from Taiwan.

The bodies of a male and a female, whose nationalities and identities were not immediately known, were recovered early Sunday morning by a French naval vessel that joined the search from the nearby French island of Réunion.

A third body, that of a female, was recovered later, said an airline spokesman, Nico Venter. Two other bodies were also recovered, but mutilated that it was not immediately possible to determine their sex. All were being taken to Mauritius for identification.

Baggage, oil slicks and fragments of the aircraft have been seen in an area about half a mile wide and six miles (10 kilometers) long. Radio South Africa said a radio signal apparently emitted by one of the aircraft's dinghies had been detected.

Australian and U.S. aircraft also took part in the search, which was difficult because the spot where the airliner went down, about 130 miles northeast of Mauritius, was too far away for search parties from the island to use helicopters, Radio South Africa reported.

South African experts said recovery of the jet's flight recorders, which could provide clues to the cause of the accident, would be also difficult because the aircraft crashed in 12,000 feet (3,600 meters) of water.

The plane went down as it approached Mauritius for refueling on its way to Johannesburg.

On board were 71 South Africans, including 19 crew members, 30 Taiwanese, 47 Japanese, 2 Australians, 2 Mauritians, 2 from Hong Kong, and one each from the Netherlands, Britain, West Germany, Denmark and South Korea.

The cause of the crash remained a mystery. The only clue was the last message radioed by the pilot, Captain Dawie Uys, who reported smoke in the cockpit when the airliner was 10 minutes away from Mauritius.

Mr. Venter, the airline spokesman, denied reports that the aircraft left Taiwan late because of a bomb threat or technical problems. Although the departure from Taipei had been delayed an hour, Mr. Venter said, this was because of poor weather and the need to wait for connecting passengers.

On an earlier occasion, there was an explosion in one engine of the airliner, which was designed to carry freight and passengers. But transport officials dismissed any link between that and the crash.

# WORLD BRIEFS

## Bulgarian Technology Theft Is Traced

**ATHENS (NYT)** — Greek, Cypriot and NATO security agencies have disrupted a Bulgarian network that stole military-oriented Western technology for the Eastern bloc, according to business people who were formerly involved in the network. Greek security officials confirmed the account.

The business people, who later helped the authorities uncover the operation, said that the Bulgarian network had been under surveillance for two years before the authorities stepped in. In the meantime, a Greek security official said, Eastern European countries acquired U.S.-made computers and programs useful in research on ballistic missiles and in the operation of nuclear plants.

The business people identified the Bulgarians who coordinated the operation as Stefan Stoyanov, 40, and Ivan Simeonov, 36. Mr. Stoyanov, who was based in Vienna with the Bulgarian trade mission, has returned to Sofia. Mr. Simeonov is president of a Bulgarian company called INCO. In one instance, Mr. Stoyanov used a West German company to order a powerful computer from the United States, the business people said. They said it was shipped to Cyprus and re-exported to Bulgaria as "office equipment."

## Pelting by Crowd Stops Roh's Speech

**KWANGJU**, South Korea (Reuters) — Crowds throwing bottles, rocks, eggs, and tear-gas canisters forced Roh Tae Woo, the governing party's candidate for president, to abandon on Sunday a campaign speech in Kwangju, the power base of the opposition candidate Kim Dae Jung.

Tens of thousands of anti-government protesters chanted "Kim Dae Jung, Kim Dae Jung," and some burned Mr. Roh's campaign posters and threw the projectiles, injuring several people, as Mr. Roh arrived for a rally at the Kwangju railroad station and began his speech. He was not injured.

After he left, protesters marched through the streets chanting "Let's evict the Kwangju butchers," a reference to the army's suppression since 1980 of a civil insurrection in Kwangju, in which more than 200 civilians were killed. Witnesses to the Sunday protest said that riot police tear gassed the crowd and made dozens of arrests.

## Mozambique Says It Killed 100 Rebels

**MAPUTO**, Mozambique (AP) — The army overran a major guerrilla base near the South African border, killing 100 rebels and capturing eight, the national news agency reported Saturday.

The agency quoted Major Paulo Macaranga, the operation commander, as saying the army "stormed the base" Wednesday after two days of fierce fighting with guerrillas of the Mozambique National Resistance movement.

## Tamil Rebels Attack Crowd, Killing 5

**COLOMBO**, Sri Lanka (AP) — Tamil rebels threw hand grenades in a crowd of fellow Tamils waiting for food packages handed out by Indian soldiers at Chavakachcheri, near Jaffna in northern Sri Lanka, killing five persons, Indian diplomats said.

Separately, on the eastern part of the island, Indian troops backed by helicopter gunships and armored vehicles searched for Tamil rebels in at least four fishing villages near the Batticaloa lagoon, 140 miles (225 kilometers) east of Colombo, the police and residents said Saturday.

Hundreds of people fled and reported hearing explosions and continuous gunfire, according to the police and civic leaders in Batticaloa.

## Titan Orbits Secret Military Satellite

**CAPE CANAVERAL**, Florida (AP) — A secret military satellite that a civilian expert said would provide warning of an enemy missile attack has been sent into orbit by a Titan-34D rocket. It was the second straight success for the Titan after being grounded for 18 months following earlier failures and the explosion of the space shuttle Challenger.

Although the payload orbited Saturday was not identified by the air force, John E. Pike, a space policy expert for the Federation of American Scientists, said it was one of a series of U.S. satellites that have been launched during the last decade to provide early warning of a hostile missile attack.

## For the Record

Egypt allowed the Palestine Liberation Organization to reopen its Cairo offices Sunday, seven months after they were closed in retaliation for PLO criticism of Egypt. Foreign Minister Esmat Abdel Meguid, who announced the decision, did not give a reason. (AP)

# TRAVEL UPDATE

## Alitalia, Citing Strikes, Cancels Flights

**ROME (AP)** — Alitalia, the national airline, is canceling about 50 flights a day on Sunday, Monday and Tuesday because of wildcat strikes by ground workers.

Train conductors, meanwhile, were scheduled to walk out after a weekend wildcat strike by engineers that paralyzed rail traffic throughout Italy.

Nine unions of Air Inter, France's main domestic airline, have called a 24-hour strike Monday, which is expected to cause serious disruption in traffic. Air Inter said it was adding supplementary flights Sunday night and Tuesday morning. The stoppage was to protest a ruling last week by a French court that a strike notice by pilots was illegal.

A strike at Air Canada by about 8,500 ground workers forced the government-owned airline to cancel all flights Saturday. Talks broke down Nov. 15 over a demand that pensions be indexed to inflation increases. The strike began Thursday.

Krasnojarsk airport in Siberia was closed Sunday for the fifth consecutive day because of a shortage of fuel for planes.

Dense fog that reduced visibility to about 100 yards (90 meters) forced authorities at London's Heathrow Airport on Sunday to cancel or divert more than 200 flights. (UPI)

## This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

**MONDAY:** Barbados, Benin, Philippines, South Yemen, Yugoslavia.

**TUESDAY:** Central African Republic, Macao, Portugal, Yugoslavia.

**WEDNESDAY:** United Arab Emirates.

**THURSDAY:** United Arab Emirates.

**FRIDAY:** Sri Lanka, Thailand.

**SATURDAY:** Haiti.

**SUNDAY:** Finland.

Source: Morgan Guaranty Trust Co., Reuters.

# Turkey Holds Elections Free of Army Control

**By Alan Cowell**  
*New York Times Service*

**ANKARA**, Turkey — For the first time in seven years, Turks voted Sunday in national elections free of military supervision, a poll depicted as reinforcing the revival of democracy.

With 20 percent of the votes counted, Prime Minister Turgut Ozal seemed confident of a widely predicted victory. "I think that up to now, we must be the winner of this election," he said.

Incomplete returns five hours after voting ended at 5 P.M. showed Mr. Ozal's Motherland Party generally ahead with 35 percent to 40 percent of the vote — enough, under Turkish electoral rules, for an absolute majority of parliamentary seats.

The election, called by Mr. Ozal a year ahead of the constitutional deadline, was the first since the coup to be contested by former Prime Ministers Suleyman Demirel and Bulent Ecevit and other politicians barred by the military from seeking office.

The compulsory election by the nation's 25 million voters passed off with little fanfare in Turkey, the easternmost bulwark of the Western alliance, whose dour approach to politics seems in part a response to the chaos that preceded the nation's last military coup in 1980.

Approximately 5,000 Turks died in political violence in the late 1970s nurtured by stalemate and bickering among politicians.

The generals withdrew in 1983 after overseeing an election that brought to power Mr. Ozal, a conservative and architect of an economic renewal. He has long sought to legitimize his rule in a free vote.

Opinion surveys before the election forecast a renewed mandate for Mr. Ozal's party in a parliament expanded from 400 to 450 seats. The Turkish leader, speaking after the polls closed, forecast victory.

Official results were not expected until later in the week.

The election, called by Mr. Ozal a year ahead of the constitutional deadline, was the first since the coup to be contested by former Prime Ministers Suleyman Demirel and Bulent Ecevit and other politicians barred by the military from seeking office.

The bans were lifted in a narrow referendum on Sept. 6 that reflected apprehension among many Turks about the possible revival of political turmoil.

The contenders Sunday included politicians from what are perceived as the extremes of Turkish politics — Necmettin Erbakan, courting an Islamic fundamentalist vote in a secular land peopled mainly by Muslims, and Apaslan Turkes, from the far right.

Opinion surveys, however, suggested that the principle contest lay between Mr. Ozal and Erdal Inonu, a Social Democrat and the son of a former Turkish president, Ismet Inonu.

# U.S. Airline Faulted on Maintenance

**By Richard Witkin**  
*New York Times Service*

**NEW YORK** — A special government inspection of Eastern Airlines in June found that its practices on postponing aircraft repairs was a "misuse" of federal policy and that pressures on Eastern's crews posed a potential safety hazard, a government report says.

Under a federal policy, airlines are allowed to postpone maintenance or repairs in some circumstances. But the government, in a report on the results of the June inspection, said Eastern stretched its interpretation of the policy to the point that maintenance on certain items would be subject to "the availability of ground time, parts and manpower."

An internal Federal Aviation Administration letter said this was "not a valid reason for postponing the repair or replacement."

Eastern, whose citation for safety violations nearly two years ago resulted in a record fine of \$9.5 million, says it has since tightened its practices on deferring maintenance, and it questions other points in the report.

Other airlines have been scrutinized for compliance with agency policy on deferred maintenance. The agency recently conducted a survey of the entire industry, and it is expected to propose a more stringent policy soon on when flights should be postponed if certain items need repair.

The dispute with Eastern involves what the government lists as minimum equipment for safe operation. The list specifies which mechanisms can remain inoperative for a limited time because there is backup equipment to insure safety.

However, the government requires that if equipment on the list fails, it must be fixed the next time the plane reaches a major maintenance base.

The inspectors, from the regional headquarters of the Federal Aviation Administration in New York, said Eastern's interpretation of the policy on deferred maintenance "allows the minimum equipment list to be less restrictive and is construed to be misuse."

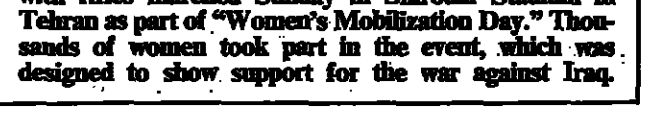
However, an agency official told a congressional committee recently that the existing policy was open to misinterpretation and that the wording would be clarified.

The inspectors' report, which was held up for several months by internal differences over the wording, was made public last week.

It also accused Eastern of exerting "subtle pressures" on flight crews not to list malfunctions in logs of their flights.

"The resultant stresses, combined with some of the company's policies, could be considered a safety hazard," the report said.

The airline issued a response that assailed many points in the report. But it said its maintenance practices were sharply tightened in August. Only a lack of spare parts can now justify postponing repairs, Eastern said, and the maximum postponement is four days, except in unusual circumstances.



# Freed Foe of Apartheid Delivers Speech of Hope

**By Jackson Dichl**  
*Washington Post Service*

**PORT ELIZABETH**, South Africa — In his first speech since his release three weeks ago, a freed African National Congress leader, Govan Mbeki, delivered a message of political hope and reconciliation.

Mr. Mbeki made his first public speech on Saturday to a small group of foreign newsmen and Western diplomats in a seafood hotel after the police banned a political rally 18 hours before it was due to begin.

Speaking at a news conference four and a half hours after the rally was to have started, Mr. Mbeki, 77, expressed his disappointment with the decision to ban the meeting at a sports stadium in the black township of Zwidre near Port Elizabeth.

"My incarceration and release will have had little meaning if this long nightmare of apartheid and injustice and this alienation of our black brothers is allowed to perpetuate in South Africa," he said, talking softly and deliberately.

Mr. Mbeki made no reference to violence or to his membership of the outlawed African National Congress or the South African Communist Party in his speech.

"I humbly ask you to show your love and affection for me in the manner which will give me the greatest joy," he said, "that is, the joy of dedication to a non-racial, democratic and unfragmented South Africa."

Mr. Mbeki, the former chairman of the African National Congress, served 23 years of a life sentence for sabotage. He said the leaders he left behind in jail and detention were "vital actors" in the creation of a new South Africa.

Apparently in a reference to government initiatives to create interracial dialogue, Mr. Mbeki said victory for blacks would not come through the "pursuit of deceptions and contrived toys."

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# Poland Reports Turnout in Referendum Is Heavy

**By Jackson Dichl**  
*Washington Post Service*

**WARSAW** — The government claimed a successful turnout on Sunday as Poles voted in a national referendum on whether to carry out political and economic reforms, including sharp price increases.

Jerzy Urban, the chief government spokesman, said that about 40 percent of Poland's 26 million eligible voters had appeared at polling stations by early Sunday afternoon.

They voted for or against two propositions covering official plans for a "radical healing" of the economy and "Polish model" of political reform.

The early results indicated that the government would record a narrow high enough to insure success for both of the propositions, which require the endorsement of more than 50 percent of all registered voters to win approval.

The vote total is important for the government of General Wojciech Jaruzelski because it indicates to what extent Poles may be ready to accept painful austerity measures, including a doubling of basic food prices and a tripling of rents and utilities in 1988.

The banned Solidarity trade union condemned the referendum as a propaganda stunt and advised Poles not to vote.

There was no way of verifying the government reports of the turnout, and officials said results from individual voting stations and districts would not be released. Final results are due to be announced Monday.

Demonstrations against the referendum were reported Sunday in Warsaw, Gdansk, Krakow and the southern steel town of Nowa Huta, but Mr. Urban described the overall climate as peaceful.

In Gdansk, marchers shouting "If you want to starve, go and vote" were blocked and dispersed by the police.

Opposition sources said that several thousand protesters participated in the march and that several were beaten by the police.

The referendum, the first in Poland since 1946, was described by officials as a step toward democratization and the "socialist pluralism" promised by the reform plan.

# Travellers Rescued in China

**BEIJING** — About 1,000 travellers have been rescued after being stranded for days by snowstorms in a remote area of western China, the Xinhua news agency said Saturday.

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# AMERICAN TOPICS

## If Loot Is Confiscated, Who Pays the Lawyer?

It used to be, no matter how ill-gotten a suspect's gains might later prove to be, they could always be spent on a lawyer. The lawyer was always free to take the money and keep it. But federal prosecutors have begun to contend that legal fees should not be held sacrosanct if the money can be traced to illegal sources. The New York Times reports. Criminal lawyers reply that this undermines constitutional guarantees to counsel.

The debate stems from the Federal Comprehensive Forfeiture Act of 1983, which empowers prosecutors to seize and freeze a suspect's funds before trial. Once guilt is established, prosecutors can recoup almost anything purchased with such funds, including fees already paid to attorneys.

Some argue that what the constitution guarantees is a lawyer, not the lawyer of one's choice. As a federal district judge, David Edelstein, once put it, "In the same manner that a defendant cannot obtain a Rolls-Royce with the fruits of a crime, he cannot be permitted to obtain the services of the Rolls-Royce of attorneys from these same tainted funds."

The constitutionality of the law may well be determined in the current case of U.S. vs. Monsanto. Shortly after Peter Monsanto was arrested on heroin charges, the government impounded two houses it said were bought with drug money. Mr. Monsanto was instantly impoverished, and his lawyer quit the case, which is yet to be decided.

### Short Takes

U.S. turkey production has reached a record 240 million a year, the equivalent of one 15.6-pound (7-kilogram) bird for every American, according to the U.S. Agriculture Department. Not all, however, are roasted and stuffed in holiday fashion. Since turkey has a mild flavor, it can be converted into turkey salami, pastrami, bologna, hot dogs, and even turkey ham and turkey Canadian bacon. These are made with the dark meat. The white meat is packed into loaves for turkey sandwiches.



FOR THE BOY WHO HAS EVERYTHING — Matt Dawley of Phoenix, Arizona, checks the price tag on a toy helicopter at a fashionable store on Rodeo Drive in Beverly Hills, California. The cost of setting it down under one's Christmas tree is \$5,400.

For those having trouble keeping track of the various transgressions of presidential candidates, the Washington publication Roll Call offers a "Moral Scorecard." The reader can enter a check mark when a candidate commits an "offense" in such categories as sex, drugs, plagiarism, dirty tricks and unorthodox funding. "Now," the paper says, "you can chart the peccadilloes of presidential candidates like an expert."

Not everyone at Columbia University is happy that it received permission from the Ivy League to recruit football players who do not quite meet league academic standards. The New York Times found. The aim was to upgrade the team, which has lost its past 41 games. "We're not a football factory," said Mark Phillipson, a senior. Jared Goldstein, student council president, said, "I was psyched for a school that was more excited about its Guggenheim Fellowships than its football team." Roger Lebecka, dean of students, said, "The league saw it undesirable to have one school lagging so far behind." He said alumni sentiments were not an important factor. "Columbia gets fewer complaints from alumni for going 0 and 10 than Dartmouth would get for going 4 and 6."

government health insurance program for the elderly and disabled.

Alexander M. Haig Jr., one of the contenders for the Republican presidential nomination, does not read novels but likes to "flip through" biographies and other nonfiction, his wife, Patricia, told The New York Times. He is not one to help around the house, she said, but when she was decorating it he did suggest that she needed more colors in her off-white scheme.

### Notes About People

Frank Langella, currently playing the title role on Broadway in "Sherlock's Last Case," says the stereotyping "should be a simple, easy part of life, not the economic event it's become." Tickets to the play, of which he also is the producer, cost \$27.50 to \$37.50 apiece.

Alexander M. Haig Jr., one of the contenders for the Republican presidential nomination, does not read novels but likes to "flip through" biographies and other nonfiction, his wife, Patricia, told The New York Times. He is not one to help around the house, she said, but when she was decorating it he did suggest that she needed more colors in her off-white scheme.

—ARTHUR HIGBEE

## Latin Leaders Pledge Economic Cooperation And Debt Reduction

ACAPULCO, Mexico — The leaders of eight Latin American nations pledged Sunday to work toward a European-style Common Market and ways of reducing their foreign debt burdens.

In a closing document called "The Acapulco Commitment for Peace, Development and Democracy," the presidents of Argentina, Brazil, Colombia, Mexico, Panama, Peru, Uruguay and Venezuela agreed to support any one of the eight nations that took measures to limit the servicing of its debt to its capacity to pay.

At the end of the three-day summit meeting, the presidents issued a formal call to leaders of industrialized countries for dialogue leading to "overcoming obstacles to development, the readjusting of the world economy and the taking of decisions on peace and security."

### Support for Cuba

Earlier, Larry Rohrer of The New York Times reported from Acapulco: The Latin American leaders, in their first summit conference without U.S. participation, agreed that Cuba should be invited to rejoin regional organizations from which it was expelled more than two decades ago.

"There is a consensus among the presidents that we ought to struggle for the total integration of Cuba into the Latin American system," President José Sarney of Brazil said Saturday.

He said Cuba's presence in regional groups was "indispensable" to their normal functioning. The decision was the only major surprise of the conference, which was called to discuss problems such as the conflict in Central America and foreign debt totaling almost \$400 billion.

Cuba was expelled from the Organization of American States in the 1960s following pressure by the United States.

Not is it a member of the Western Hemisphere's two major economic groups, the Inter-American Development Bank and the Latin American Association for Development and Integration.

The United States has consistently opposed Cuban participation in regional organizations and led efforts to isolate Cuba diplomatically. It argues that Cuba should be considered a member of the Soviet bloc and should not be readmitted to hemispheric groups until it installs democratic institutions, improves human rights and agrees not to interfere in other countries' affairs.

Until recently, Mexico was the only Latin American country to maintain normal diplomatic and commercial relations with Havana. But in recent years, several other countries in the region have moved to restore ties with Cuba.

Diplomats said the initial proposal to invite Cuba to rejoin regional groups was made by President Julio María Sanguinetti of Uruguay, and was strongly supported by Brazil and Peru. Only Venezuela, which has had tense relations with Havana since the early 1960s because of Cuban support for Venezuelan guerrilla movements, was said to have expressed some reservations.

"We think that the difficulties which separated Cuba from the region have been overcome," a Brazilian diplomat said. "It is time for Cuba to come back."

Mr. Castro has indicated his eagerness to participate in any regional forum. Addressing a convention of Latin American economists Thursday in Havana, he expressed hope that the so-

called Group of Eight would open its doors to participation by other Latin American countries.

The presidents' action was the first direct challenge to U.S. policy in a meeting that has been notable thus far for its efforts to avoid direct political confrontations. It was not immediately clear how the eight countries planned to implement the proposal or what response, if any, the Reagan administration would have.

The United States and Cuba have recently made efforts to improve their relations, most notably this month by reactivating an agreement on immigration and political refugees. But Latin American diplomats said Saturday's decision was likely to meet with a frosty U.S. reception.

"Washington would like to control the pace and extent of this sort of thing," a diplomat said.

Participants in the Acapulco meeting said the presidents also discussed the possibility of moving the OAS headquarters from Washington to a Latin American country.

One official said that "there was opposition" to the idea, but that a final position had not been taken.



Presidents Raúl Alfonsín of Argentina, left, Alan García Pérez of Peru and Julio María Sanguinetti of Uruguay looking at the Managua opposition newspaper La Prensa.

## 60% Shortfall Expected in U.S. Aid For 44 International Organizations

By Paul Lewis

WASHINGTON — The United States is expected to pay only about 60 percent of its budget share this year to the 44 United Nations and other international bodies to which it belongs, according to Reagan administration and UN officials.

The expected reduction in the U.S. contribution reflects pressure to cut spending to reduce the federal budget deficit, as well as a lack of support in Congress for the United Nations and many affiliated organizations, these officials say.

As a result, the administration is grappling with the problem of how to divide available money among these organizations, with some officials saying that the United States should give most to bodies it thinks best serve U.S. interests and cut back severely on others.

In every case, the United States is the largest single contributor to these organizations, which include the UN headquarters in New York, the World Health Organization in Geneva, the headquarters of the North Atlantic Treaty Organization in Brussels and the Organization of American States.

The U.S. share of the costs varies from about 25 percent in the case of UN-affiliated bodies such as the World Health Organization to over 60 percent for the OAS and the Pan American Health Organization.

A decision on how to allocate funds will not be made until early December, when the Senate and the House of Representatives resolve differences over how much to spend on these organizations.

President Ronald Reagan asked Congress for \$711 million in the current financial year for international organizations. However, the Senate voted to appropriate only \$355 million while the House ap-

proved \$373 million, but with payment of \$142 million deferred until next year.

Administration officials say they believe the final amount is likely to be close to the Senate figure of \$355 million, or 62 percent of what Mr. Reagan wanted.

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## Reagan Pursues 'Nonlethal' Contra Aid

By Neil A. Lewis

WASHINGTON — The Reagan administration, preparing for a crucial vote on renewed aid to the Nicaraguan rebels early next month, is trying to determine if Congress will allow a requested \$30 million for nonlethal supplies to be used for helicopters and military training for the contras, according to officials in the White House and Congress.

Lieutenant General Colin L. Powell, the national security adviser, is taking a lead role in shaping the administration's contra policy and campaigning for it on Capitol Hill.

General Powell met recently with several Democrats in the House of Representatives to assess how far the administration might be able to go with its request. And over the last few months, officials said, General Powell has been chairman at almost daily meetings at the White House in which he and other officials map the administration's strategy on Nicaragua.

As it stands, the budget resolution does not include money for the rebels. But the administration

plans to have Republican supporters in Congress add the request for \$30 million. Under the administration's plan, that money would be called "nonlethal aid." Secretary of State George P. Shultz has said the administration will wait until next year before requesting a new round of full military aid.

A White House official said President Ronald Reagan "is very likely" to veto any budget resolution that does not provide some money for the contras. So far, Congress has approved two budget resolutions for short-term aid, through Dec. 16, that can only be used for food, medicine and clothing.

Administration strategists are evaluating the sentiment in Congress for stretching the restrictions to see if this sort of aid could also include continued military training and even new helicopters.

About two weeks ago, General Powell met with several Democrats on the issue. One purpose of the meeting in the office of Representative Ike Skelton, Democrat of Missouri, was to gauge the reaction to a proposal to use some of the \$30 million for items other than food, medicine and clothing.

Among the group were Mr. Skelton, John McKittrick Jr. of South Carolina, and Dave McCurdy and Glenn English of Oklahoma, all considered Democratic swing votes on the issue.

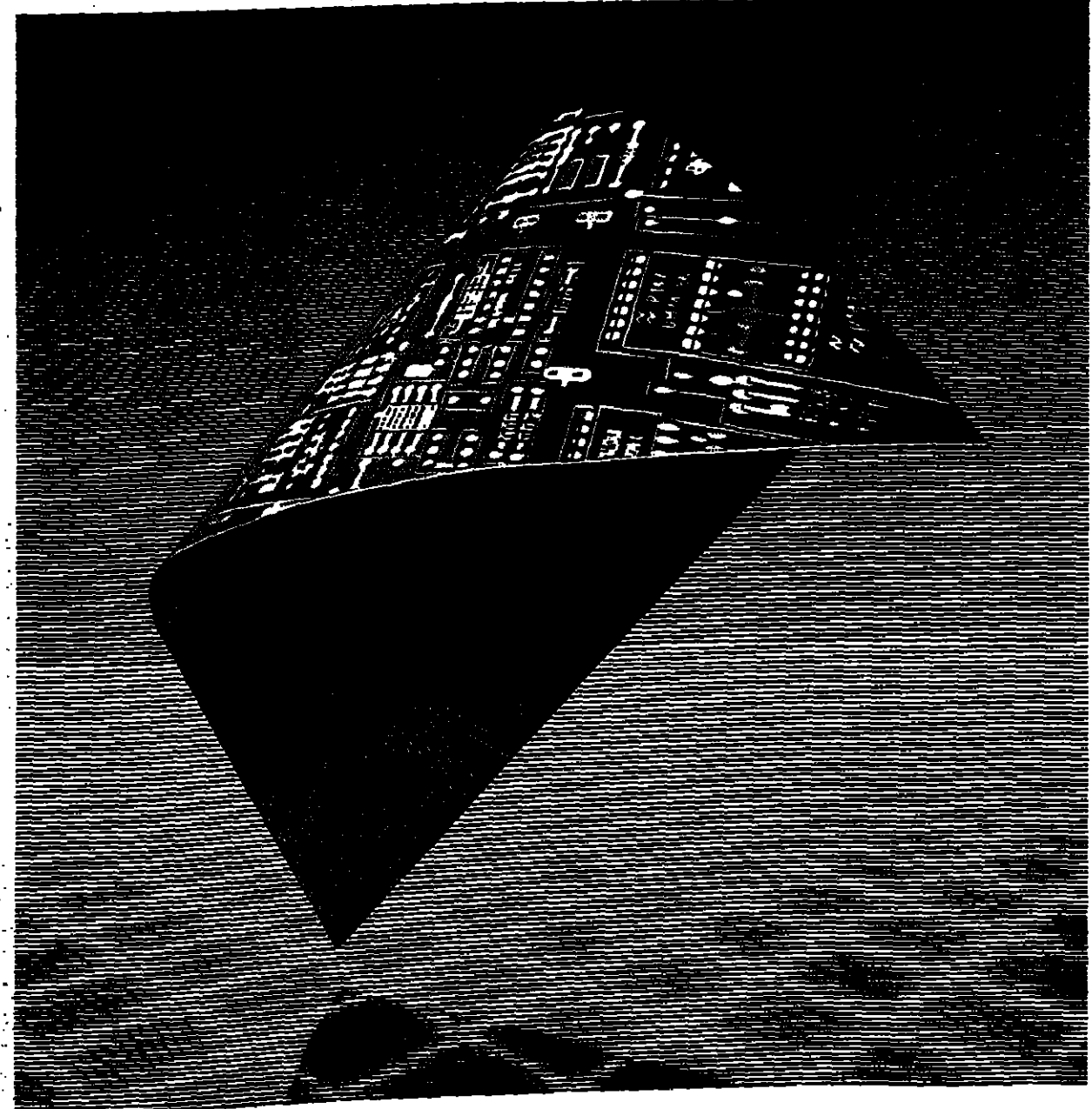
The basic discussion, Mr. Spratt said, centered on the \$30 million request the administration is planning to make.

"We raised some problems with him, what the makeup of the funding would be, what it would go for," he said.

Mr. Spratt said General Powell told them the money would be used for "maintenance of the contras in the field."

The justification offered for the helicopters, Mr. Spratt said, was that they would be needed to deliver supplies. In addition, General Powell told the congressmen that the rebels had some "deferred maintenance expenses" involving military equipment.

Mr. Spratt, who has voted for contra aid in the past, said he would be willing to vote for funds to provide the contras with food and clothing. "I might even go for small arms and ammunition," he added.



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INTERNATIONAL Herald Tribune

Mush From the Wimps

This Monday, Congress and the administration start trying to keep their timid promise to cut the federal budget deficit by a token \$30 billion...

cause otherwise the Gramm-Rudman-Hollings law would have gone into effect, requiring across-the-board cuts with no discretion...

So Who's Protectionist?

The Massachusetts Institute of Technology went shopping for a supercomputer this year, solicited bids and found that the two most attractive were for Japanese-made machines...

which in Japan, unlike America, includes the universities — to allow American supercomputers to compete on a fair basis...

Constituencies, Wake Up

The cliché has it that the State Department has no domestic constituency and is therefore vulnerable to ruinous congressional budgetary cuts...

motivated by racial discrimination. And it is not just in Japan. Thirteen consulates are marked for closing as a result of new cuts...

Other Comment

Turkey Sooner or Later Turkey is an issue that the whole of the European Community wishes would just go away...

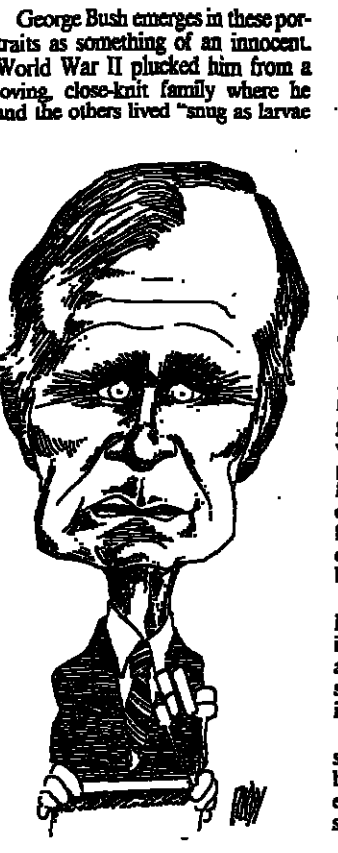
spurring Turkey's request for membership or for pouring scorn on its efforts to democracy. Those efforts are real. Turkey deserves...

OPINION

The Hunt Is On for the Real George Bush

By David S. Broder

WASHINGTON — Vice President George Bush, who inspires jokes on television and satire in sophisticated comic strips...



George Bush emerges in these portraits as something of an innocent. World War II plucked him from a loving, close-knit family where he and the others lived "zany as larvae..."

Both Sides Will Have To Give

By Jim Hoagland

BONN — Will Mikhail Gorbachev sit down at the Washington summit as a wounded leader with serious problems at home? Yes, and so will Ronald Reagan...

Throw Out the Case Against Nuclear Disarmament

By Bernt Carlsson

NEW YORK — The start toward real disarmament was made at the summit meeting in Reykjavik in October last year when Ronald Reagan and Mikhail Gorbachev discussed accepting 1996 as the target date for the abolition of all nuclear arms...

only played one in the movies. He was a daring fighter pilot in the Pacific while Reagan flew simulated missions on the back logs of Colver City...

disarmament is that it would upset the military balance in Europe, where the Warsaw Pact has such superiority in conventional weapons...

The Drift to Denuclearization Is Well Under Way

By Edward N. Luttwak

WASHINGTON — For once, the importance of an arms control deal is not being overstated. Last week's INF agreement is important for a much greater reason than the withdrawal of a few hundred warheads...

perceptions of the threat inherent in Soviet military power as unlimited in scope (a threat to "our way of life") have gradually given way to a less threatening geopolitical conception...

frontations, Stalin and Mao conceded much less to the risk of nuclear reprisals than many other leaders might have done...

100, 75 AND 50 YEARS AGO

1887: Marches in Quebec NEW YORK — News from Quebec is startling. The Salvation Army declares that they will walk armed (on Nov. 30)...

1912: New Balkan State PARIS — M. Poincaré, the French premier; Marchese di San Giuliano, Italian Minister of Foreign Affairs...

1937: Talks on Colonies LONDON — Germany's insistent demand for restoration of the colonies taken from her during the World War was considered for hours today...

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Both Sides Will Have To Give

By Jim Hoagland
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U.S. Refuses Kuwait Offer To Set Up Supply Base

By Patrick E. Tyler
Washington Post Service
MANAMA, Bahrain — An unpublished offer by Kuwait to allow the U.S. Navy to set up a big ocean-going barge as a floating naval base inside Kuwaiti territorial waters has been turned down in a surprise decision by the Reagan administration, according to an official in the region.
The U.S. military command in the Gulf — which has made highly effective use of two other barges elsewhere in the waterway as floating fortresses aimed at countering Iranian mine threats and sporadic attacks against U.S.-protected shipping — is known to have wanted such a facility inside Kuwaiti waters. Last month, Rear Admiral Harold J. Bensen, commander of the Middle East Force, told Western officials that a new base was planned for waters near Kuwait.
Last spring, after months of concentrated Iranian attacks against Kuwaiti shipping, the sheikhdom approached the United States and the Soviet Union seeking protection. The United States placed 11 Kuwaiti tankers under the U.S. flag and naval protection, but Kuwait consistently asserted its sovereignty by refusing to allow U.S. ships into its territorial waters.
In turning down Kuwait's offer of a facility, the Reagan administration apparently expressed new concerns about the ability to protect the barge and other targets inside Kuwaiti waters from Chinese-built Silkorm missiles that Iran has used successfully against Kuwaiti shore facilities and tankers. The missiles can hit targets up to 50 miles (80 kilometers) away.
The change in the U.S. position caused some key Kuwaiti officials to question whether U.S. officials, who had expressed confidence that U.S. forces can be protected against Silkorms, were now trying to disengage themselves, citing security concerns, from any commitment to defend Kuwait.
The importance of the Kuwaiti offer and the U.S. response, in the view of a number of Western and Arab officials, is that it focuses attention on the distinction between the narrow U.S. role of escorting the reflagged Kuwaiti tankers and the much larger implicit policy of containing the seven-year Gulf War and protecting Arab Gulf states.
Kuwait, the official said, had offered to moor an ocean-going barge in territorial waters between its main oil port and the entrance to the port channel. The facility, as big as a football field, would have enabled the navy to preposition supplies, ammunition, spares, fuel to service the U.S. ships involved in convoy operations.
"Earlier on, the Americans wanted to be in a better military position in the northern Gulf," the official said. At talks this fall, Kuwait dropped its resistance to allowing U.S. warships and facilities in its territorial waters just as Iran escalated the Gulf War with successful Silkorm strikes on targets inside Kuwait.
"The Americans pulled back," the official said, adding: "They don't want to be put in a position where they've got to defend Kuwait should something happen."
"I don't believe anybody is going to defend Kuwait in a real crisis," he added.
The official pointed out that during former Defense Secretary Casper W. Weinberger's tour of the Gulf in September, officials traveling with Mr. Weinberger reassured Kuwaiti officials that Kuwait would not find itself alone if Iran staged a direct attack on Kuwaiti territory.
With Mr. Weinberger's replacement by Frank C. Carlucci, the official said, "I don't sense the same American commitment we had in the past."
Last month, Iran struck two tankers — one flying the U.S. flag and the other owned by U.S. interests — and a key Kuwait oil loading terminal.
The United States retaliated for the strike on the U.S. flag vessel, but drew a distinction between that attack and the missile strike on Kuwait's Sea Island Terminal that Secretary of State George P. Shultz termed "an attack on Kuwait."
The barge operations are handled in highly classified channels to give the bases as low a profile as possible, sources said. Gulf-based supply companies that service the barges are instructed to keep their locations secret.
To protect the barges, the navy is using trained "guard dolphins" to patrol the waters near them day and night, Western sources said.
Convoy Leaves Gulf
The Defense Department said Saturday that the 19th U.S. Navy escort of reflagged Kuwait tankers moved safely through the Strait of Hormuz and out of the Gulf on Saturday, Reuters reported from Tampa, Fla.



Dhaka policemen detaining a boy for violating the curfew under the state of emergency.

Curfew Is Reimposed in Bangladesh

DHAKA, Bangladesh — The police reimposed curfew and paramilitary police stepped up patrols in five cities after President Hussain Mohammad Ershad proposed talks with his opponents on fresh elections.
Paramilitary police with machine guns mounted on trucks began patrolling streets of the capital to enforce the curfew, and a police spokesman said the city was by and large peaceful.
The police said 14-hour curfews were reimposed in Dhaka, Chittagong, Khulna, Narayanganj and Rajshahi at 4 P.M. The curfews had been lifted for eight hours.
The new curfew followed a proclamation of a state of emergency by General Ershad on Friday night. He said the country faced internal strife, insecurity and economic problems. In a national broadcast Saturday, General Ershad offered talks with the opposition and promised free and fair voting in next elections.
He also said he would not impede any political party seeking to change the constitution after winning a mandate. "But I will not submit to terrorism," he said, referring to violence during opposition-led general strikes in the past weeks.
A few hours before the broadcast, General Ershad met the country's top military commanders. All Bangladeshi newspapers prominently published a picture of the meeting.

Saudis, in Move Influenced by Iran, To Remove 10,000 Pakistani Troops

By Richard M. Weintraub
Washington Post Service
ISLAMABAD, Pakistan — Saudi Arabia is sending home some 10,000 Shiite Pakistani troops who have been an irksome but significant part of the Saudis' defense force for much of this decade.
The move underlines the two Sunni Muslim countries' sensitivities to their Shiite neighbor, Iran, and to Iran's influence on the Shiite Muslim minority populations in both countries. It is another sign of the confusion in the Muslim world caused by Iran's radicalism.
Since the early 1980s, Pakistan has kept an elite tank brigade stationed in Saudi Arabia at the kingdom's request to help defend against outside attack, ostensibly from Iraq. There is an unspoken assumption that the highly mobile tank brigade was also intended to provide an extra measure of security for the Saudi royal family.
But the contract arrangement, which provided diplomatic and economic benefits to Pakistan, has been dissolving in the last year and a half.
According to Pakistanis and diplomats in Islamabad, the trouble over the troops arose when it became clear that they might become embroiled in the tensions between Iran and Saudi Arabia growing out of the Iran-Iraq war. The Saudis are strong backers of Iraq.
One official said Saudi Arabia even indicated that it wanted to use the Pakistani troops to confront Iranian forces directly.
But Pakistan, which has a long border with Iran and a 15 percent Shiite population, sees grave dangers in confronting Iran.
Saudi Arabia has also become more wary of Shiite influence in its own country, notably after the violence on July 31 involving Iranian Shiites during the annual pilgrimage to Mecca, Saudi Arabia.
Pakistan's role in defending Saudi Arabia is a highly sensitive topic, about which Pakistani military experts and foreign diplomats in Islamabad are reluctant to comment.
One Pakistani official familiar with the issue played down the Saudi decision not to renew the agreement, which ends in December, that has kept the Pakistanis in Saudi Arabia. "It was a contract for a fixed period, and now it is over," he said. "The Saudis are raising their own troops."
Other Pakistanis and diplomats say the situation is much more complex; they say the heightened tensions in the Gulf region, fueled by the Iran-Iraq war, are forcing basic Saudi and Pakistani interests into conflict after many years of coexistence.
The troop issue is believed to have first surfaced about a year or a year and a half ago, according to officials. The Saudis reportedly became sensitive that about 10 percent of the Pakistani troops were Shiites and asked Islamabad to replace them with Sunnis, something Pakistan said it would not do since the Shiites are an integral part of the Pakistani Army.
These officials say there have been reports that Saudi Arabia told Pakistan it wanted to use the Pakistani troops as a front-line force to help Saudi Arabia's ally, Iraq, or to confront Iranian forces should the war spill over to Saudi Arabia or its neighbor, Kuwait.
More important, Pakistanis Shiites have been organizing politically in recent months and have emerged as a force in the already tumultuous Pakistani political scene.
Iran makes little effort to hide its willingness to support Shiites elsewhere in the Muslim world, and at a recent diplomatic reception the Iranian ambassador in Islamabad said he could "bring a million Shiites into the streets of Pakistan in an hour."

A Critical Moment for Soviet Afghan Role

By John Kifner
New York Times Service
KABUL, Afghanistan — The Soviet Union's eight-year intervention in Afghanistan is at a crucial moment, Western diplomats here and in Moscow say, with Moscow increasingly desperate to find a way to pull out its 115,000 troops at a time when the Afghan regime is losing ground to the Islamic rebels.
But the dilemma for Moscow, Western diplomats in the two capitals agree, is that the withdrawal of Soviet troops would now almost inevitably mean the collapse of the government headed by Lieutenant General Najib.
Afghanistan is expected to be a major topic at the coming summit conference between the Soviet leader, Mikhail S. Gorbachev, and President Ronald Reagan, with reports circulating in diplomatic circles that the Soviet Union may offer a timetable for a 12-month withdrawal in exchange for a halt in U.S. aid to the rebels.
Mr. Gorbachev has called his country's involvement in Afghanistan a "bleeding wound," Soviet troops moved into the country at the end of 1979 to stop infighting among the local Communist rulers. Instead, they sparked guerrilla resistance by Islamic rebels.
But the dilemma for Moscow, Western diplomats in the two capitals agree, is that the withdrawal of Soviet troops would now almost inevitably mean the collapse of the government headed by Lieutenant General Najib.
"This is the beginning of the end," a Western diplomat here said flatly. "Without Soviet troops, I am convinced this government could not last six months."
"There's a real sense that we're in an end-game," said another diplomat in Kabul, where oxen and women washing vegetables share the sparse pools of Kabul River water in the center of town, while low-flying Soviet helicopters skirt the surrounding mountains, throwing out sparkling heat flares to ward off anti-aircraft missiles.
The Stinger anti-aircraft missiles supplied by the United States to the Islamic rebel groups, collectively known as the mujahidin, have drastically changed the course of the war in the past year, diplomats and military experts say.
Guerrillas were downing Soviet and Afghan aircraft with Stingers at a rate of more than one a day at one point, according to intelligence estimates last summer. This level of effectiveness has forced the Soviet Union to abandon the helicopter gunship raids that were its best tactic against the guerrillas, to concede the vast countryside to the rebels and to concentrate their forces in defending Kabul and the other four major cities.
"A year ago, rebel morale was pretty low, they were crying out for help," said a Western diplomat in Kabul. "As well as the purely military effect, the psychological effect on their morale and confidence is enormous."
Coinciding with the military turnaround is a growing sense of disillusionment among ranking Soviet leaders with General Najib, according to diplomats and officials in Moscow.
General Najib — in accordance with local Pashtun tradition, he carries no family name — is being regarded as a difficult kind of ally: one who is politically and militarily weak, but determined to act strong and independent.
Thus, after promising to be more flexible and accommodating at a meeting with the Soviet Foreign Ministry's chief Middle East expert, Yuri M. Vorontsov, he unexpectedly declared himself head of the Revolutionary Council — in effect Afghanistan's president — at the end of September. He was already the general secretary of the Communist Party, known here as the People's Democratic Party of Afghanistan.
Now, General Najib is to convene on Monday a traditional Afghan gathering, called a Great Assembly, to adopt a new constitution.
Under the constitution, the presidency is to become all-powerful, and the Great Assembly is expected to elect General Najib to the office.
The calling of the Great Assembly, in the past a gathering of tribal chieftains, nobles and village elders in times of crisis, has prompted considerable speculation among diplomats in Kabul and in Moscow that General Najib is presenting the Soviet Union with a fait accompli that will make it difficult for Moscow to abandon him.
General Najib has been under considerable pressure from the Soviet Union to pursue what is called a policy of "national reconciliation," reaching out to dissidents, as well as to stop the feuding between rival factions of his own party. Although the Great Assembly is being billed as a means of "national reconciliation," at least two-thirds of its roughly 1,500 members are expected to be party loyalists, diplomats in Kabul say.
Explosions in Kabul
Four explosions rocked Kabul on Sunday in an apparent rebel attack, as General Najib addressed a national assembly meeting, Reuters reported from Kabul.
The blasts shook the hall where General Najib was addressing 1,500 delegates. Foreign journalists present heard planes taking off from Kabul airport and flying over the city minutes later. It was not immediately clear where the explosions occurred.
2 East Berliners Swim Out
The Associated Press
BERLIN — Two 22-year-old East Berliners fled unharmed to West Berlin on Friday by swimming across a canal. The police in West Berlin said the two men, wet and cold, walked into a bar after their swim and were taken to the West Berlin police.

U.S. Legislators Urge More Aid for The Philippines

WASHINGTON — A bipartisan group of legislators, fearful of the consequences of mounting economic problems on the fragile democracy of the Philippines, have called on President Ronald Reagan to put together the equivalent of a Marshall Plan to channel \$1 billion more a year to that country over the next five years.
Although the United States has a stake in continued access to military facilities at Subic Bay Naval Station and Clark Air Base, they said an issue of principle was involved that was even more important — whether peaceful democratic change can succeed in the Third World.
If President Corason C. Aquino's "people power" revolution of February 1986 could fail, they wrote Saturday in a letter to Mr. Reagan, it "would be a crushing blow to millions who seek democracy in their own countries."
The lawmakers group is made up of Jack F. Kemp of New York, a member of the House Appropriations Committee and a Republican presidential candidate; Stephen J. Solari, Democrat of New York, chairman of the House subcommittee on Asian and Pacific Affairs; Alan Cranston, Democrat of California, chairman of the Senate subcommittee on East Asian and Pacific Affairs; and Richard G. Lugar, Republican of Indiana, a member of the Senate Foreign Relations Committee.
The White House acknowledged receipt of the letter and was "sympathetic to the complaint," a spokesman said.

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Image of a gin bottle and glass.

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French Police Arrest Leftist Terrorist Chief

By Steven Greenhouse
New York Times Service
PARIS — The French police have arrested the last leader of Direct Action, the leftist terrorist group that shook France for years with dozens of bombings and the shooting of police officers and business leaders.

but then subdued him after a 10-minute struggle on the garage floor. A taxi driver who heard the scuffle came to Mr. Baquero's assistance. Then Mr. Frerot told the police officer, "I am Max Frerot." Mr. Baquero said he did not at first recognize Mr. Frerot, who had bleached his brown hair blond.



Roger Auque, left, and Jean-Louis Normandin, two French hostages who were kidnapped by a pro-Iranian group in Lebanon, on their arrival at Orly Airport in Paris on Saturday.

The police said Saturday that two officers captured Maxime Frerot, who was France's most wanted fugitive, Friday night after a routine identification check that erupted into a gunfight in an underground garage in Lyon. Mr. Frerot, 31, had long been considered the mastermind of Direct Action bomb attacks.

PARIS: Iranian Leaves Embassy for Questioning After 5-Month Deadlock

One officer, Marc Baquero, returned fire and missed Mr. Frerot, who had a stolen driving license, opened fire, the police said.

(Continued from Page 1) not entitled to diplomatic immunity and could not leave the country without being questioned.

held in the room next to him by the same kidnappers. The information about the Americans, Mr. Auque said, came from a South Korean diplomat, Do Chae Sung, with whom he shared a cell for two weeks before the latter's release last month.

The Korean has given few details publicly about his captivity or his captors. The French hostages' release was handled by the Revolutionary Justice Organization, which also claims to be holding two U.S. hostages: Joseph J. Cicippio, an official of the American University of Beirut, and Edward A. Tracy, 57, an author.

held in the room next to him by the same kidnappers. The information about the Americans, Mr. Auque said, came from a South Korean diplomat, Do Chae Sung, with whom he shared a cell for two weeks before the latter's release last month.

Device in U.K. Store Defused
Agence France Presse
LONDON — Bomb defusal experts defused a small incendiary device hidden in a cigarette packet at Selfridge's department store in London, police said.

held in the room next to him by the same kidnappers. The information about the Americans, Mr. Auque said, came from a South Korean diplomat, Do Chae Sung, with whom he shared a cell for two weeks before the latter's release last month.

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CUBANS: Hostages Freed MOSCOW: Impact of Gorbachev

(Continued from Page 1) said Mr. Echevarria, an English teacher at the Atlanta prison. He said the Cubans asked him to request that four persons closely involved with the Cuban situation be present at the signing of any final agreement to end the stalemate.

(Continued from Page 1) Gorbachev's two years of playing an active role in national security strategy. Mr. Gorbachev has clearly raised the consciousness of Western nations and their arms experts with his view that both superpowers could remain secure with vastly reduced arsenals of strategic nuclear missiles and bombers, especially after he proposed deep cuts in nuclear weapons at the summit meeting in October 1986 in Reykjavik.

The worldwide elimination of nuclear weapons, advocated publicly by Mr. Gorbachev, is widely viewed as unlikely. One obstacle is strong objections raised publicly in the West, particularly by British and French leaders, who strongly advocate the nuclear deterrent. Soviet hard-liners, too, favor nuclear deterrence.

The four are Representative John R. Lewis, Democrat of Georgia, whose district includes the prison; Marvin Shook, a U.S. District Court judge who has presided in many of the Cuban inmates' cases; and Gary Leshaw and Carla Dudek, civil rights attorneys who are members of the Coalition to Support Cuban Detainees.

He also gave unusual exposure to Kremlin thinking on national security policy, which is usually tightly held secret, and some policies have taken surprising turns. Soviet officials have buttressed their public call for drastic weapons reductions with the argument that only "reasonable sufficiency" in conventional and nuclear arsenals on both sides is needed.

Despite the attack against heavy-handed military decisions, an unusual coalition of Soviet military officials has rallied behind the move for deep cuts in nuclear arsenals, indicating strong support of Mr. Gorbachev's policy.

Asked to define the Kremlin leader's security policy, a Soviet arms specialist, Viktor P. Karpov, said, "We are for weapons reductions — conventional, nuclear, chemical."

He said that the intermediate nuclear forces treaty should give an impetus to other arms negotiations that Moscow hopes to seal with the Reagan administration, including an accord to cut long-range missiles on both sides by 50 percent, an agreement on steps toward a ban on nuclear testing, an agreement to cut chemical weapons and an agreement in principle to reduce conventional arms.

Mr. Gorbachev has linked cuts in strategic arsenals on both sides to some restrictions in the "star wars" program.

INTERNATIONAL POSITIONS

Table with 3 columns: TITLE, SALARY, EMPLOYER. Includes MANAGING DIRECTOR, AREA MANAGER, and MANAGER - LABORATORY SERVICES.

ASIA: Exodus of Talent Leaves a Void for Some Nations

(Continued from Page 1) tension between Malays and Chinese. The Malaysian government recently arrested dozens of people, banned public rallies and closed three newspapers. It said the action was necessary to prevent possible racial conflict.

There had been "a very large-scale movement" of professionals and businessmen out of Fiji. Officials in Canberra said nearly all the people leaving Fiji were Indians.

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2 Vietnam Units Leave Cambodia

MOC BAL Vietnam — A division of soldiers crossed into this border town on Sunday as part of a program of Vietnamese troop withdrawals after almost a decade of fighting in Cambodia.

SDI: U.S. Decides Test Limits Are Not a Major Hurdle

(Continued from Page 1) would interfere with only a handful of tests of Strategic Defense Initiative technology out of dozens envisioned before 1995, according to administration officials.

AGREEMENT ON CUBAN HOSTAGES

PARIS (AP) — A deal was struck Saturday for the release of two French hostages held in Lebanon by a pro-Iranian group.

ARMED STRIKE IN VIETNAM

HANOI (AP) — A major strike by 100,000 workers in Hanoi, Vietnam, was broken Saturday by police and military forces.

RUSSIA: Gorbachev's Impact

MOSCOW (AP) — Soviet leaders are expected to announce a major policy shift on arms control and nuclear weapons.

WESTERN REACTION TO GORBACHEV

PARIS (AP) — Western leaders are reacting with a mixture of surprise and skepticism to the Soviet leader's proposals for arms control.

ARMED STRIKE IN VIETNAM

HANOI (AP) — A major strike by 100,000 workers in Hanoi, Vietnam, was broken Saturday by police and military forces.

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MONDAY, NOVEMBER 30, 1987

EUROBONDS

Banks Can Run From Risk But They Can't Easily Hide

By CARL GEWIRTZ International Herald Tribune PARIS — During the heyday of lending to developing countries, commercial bankers drew great comfort from the fact that the loans were at floating rates of interest. This eliminated what until then had been the classic risk for banks — lending at fixed rates while funding themselves at variable rates.

As was later made clear, the banks merely avoided the exposure on funding costs to face a much larger risk over repayment. One lesson from that experience: Risk can be transferred, but never eliminated.

And from that stems the concern of banking supervisors over the array of innovative instruments permitting financial and nonfinancial institutions to hedge interest and exchange rate exposures.

The new instruments, said the Cross Report issued by the Bank for International Settlements last year, "transfer price or market risk from one economic agent to another, but do not eliminate that risk. And, in the process, they create new credit exposures, and thereby increase the ways in which the default of one borrower can adversely affect others."

In essence, officials worry that collectively financial markets may be taking greater risks than were originally recognized. The perceived increase in risk to the international financial system stems largely from the wide diffusion of swaps and the lengthening chain of parties involved in these exchanges of debt obligations for a mutual benefit.

Despite the attack against the handed military decision, a usual coalition of Soviet officials has rallied behind the move for deep cuts in military spending, indicating strong support for Mr. Gorbachev's policy.

The new defense minister, General Dmitri T. Yazov, publicly reported the intention to reduce forces and strategic weapons. Mr. Gorbachev began the speech on Nov. 7. And the chief of staff, Marshal Semyon Akhromyev, played a key role in the Geneva negotiations on intermediate-range missiles.

The shift in the Soviet medium-range missile arsenal, said Brezhnev's role often insight into a Kremlin policy shift in the making.

Move on Montedison Crowns Raul Gardini's Rise

But Tough Job Is Seen for Man Who Would Be King



Raul Gardini



Mario Schimberni

MILAN — Raul Gardini's aggressive move to oust Mario Schimberni as chief executive of Montedison SpA, the chemicals giant, caps a meteoric rise to the top of Italy's financial establishment.

Mr. Gardini, 54, who is chairman of the huge agribusiness company Gruppo Ferruzzi, was known two years ago only as the head of a sleepy, family business started by his father-in-law, Serafino Ferruzzi, in the Adriatic port town of Ravenna.

The self-styled country farmer was considered an outsider to the northern Italian elite, overshadowed by entrepreneurs such as Fiat SpA's Giovanni Agnelli and Olivetti's Carlo De Benedetti.

All that has changed. "The farmer has become king," the influential daily Corriere della Sera said on Friday. "Gardini has grabbed the crown of Montedison with Napoleonic boldness, leaving the backstage of agro-industry for the second-highest seat of Italian capitalism."

Ferruzzi, Montedison's biggest shareholder, said on Thursday that it planned to replace Mr. Schimberni with Mr. Gardini at a board meeting on Dec. 4 because it wanted a larger management role. Many analysts believe that the effort will succeed.

Rumors flourished of a feud between the two men over the past year as Ferruzzi built up its stake in Montedison to about 40 percent. In the past two years, Mr. Gardini has turned Ferruzzi into one of Europe's biggest commodities groups with annual sales of about \$10 billion.

Ferruzzi, Italy's second-biggest private industrial company after Fiat, is now a major international player in the sugar, cereals and oil seeds businesses. With Montedison, it controls the world's ninth-largest chemicals group. Mr. Gardini plans to give the group more of a global dimension next year when he seeks listings on leading world stock exchanges.

Yet many analysts say Mr. Gardini will face a stiff challenge in managing the Ferruzzi-Montedison empire. "Montedison recently put off more than it could chew financially, and I'm not sure that Gardini is the man to put it right," said Stuart Wamsley, an analyst at Morgan Stanley International in London.

Mr. Schimberni, 64, the son of a barber from Rome, has shaken up Italy's discreet and close-knit financial establishment more than any other figure in the last two years. He took over as head of Montedison in 1980, when the then state-controlled group was running annual losses of almost \$500 million.

He quickly turned to the industrial elite, families such as the Agnellis and Pirellis, to buy out the state's interest in Montedison. Mr. Schimberni shuffled Montedison's management, recruiting several executives from multinational companies and radically restructuring its businesses.

After the company returned to profitability in 1985, Mr. Schimberni began a bold expansion plan, mostly through acquisitions in the chemical and pharmaceutical sectors. The group piled up a mountain of debt. Mr. Schimberni irritated the financial establishment and some of Montedison's own shareholders in 1985 and 1986 with secret stock market takeovers, rallies in Italy. Ironically, Mr. Schimberni's company fell victim to just such a raid from Ferruzzi in late 1986 and early 1987. Analysts saw it as a blow to his aim of keeping Montedison an Italian anomaly, a company owned by small investors.

Commenting on Mr. Schimberni's ouster, Eugenio Scalfari, editor of La Repubblica, said: "A rupture of these dimensions, which fractures vertically a complex system of alliances built with much difficulty, is not a small trauma. If it's not an earthquake, it's pretty close."

Hutton Merger Could Cost Thousands of Jobs, Analysts Say

Compiled by Our Staff From Dispatches NEW YORK — If E.F. Hutton Group is sold to another securities firm, several thousand of the 18,000 jobs at Hutton could be eliminated within six to 12 months, according to analysts.

They said the people whose jobs appear safest in a merger with a securities firm are Hutton's 6,300 retail brokers. Wall Street sources said Friday that amid speculation that Hutton would be sold to Shearson Lehman Brothers Inc., Hutton brokers in various cities had contacted Shearson officials trying to make individual deals.

Although there has been speculation about other possible buyers from within and from outside the securities industry since Hutton's board decided to seek bids, the focus has been on Shearson, a unit of American Express Co. Shearson sought unsuccessfully to buy Hutton a year ago.

Perrin Long, an analyst at Lipper Analytical Services, said if Hutton was sold to a major firm in the securities business, probably 8,000 of Hutton's 18,000 employees would be candidates for layoff, he said. Traders, investment bankers, research analysts, back office workers and the personnel department would all be targeted for dismissal.

Mr. Long noted that some of the potential Hutton layoffs would occur elsewhere than in New York. He said overseas operations also would be affected. Lawrence Eckenfelder of Prudential Bache Securities estimated as many as 4,500 of the 18,000 jobs

at Hutton could be eliminated if the brokerage is sold to another big securities company.

Wall Street sources said that some high-volume Hutton retail brokers, typically getting 30 to 38 percent of the broker's commission revenue, have told Shearson they are willing to move now in exchange for an up-front bonus or a

special deal such as 50 percent of commissions they generate in the first year. The layoff picture would be different if Hutton is sold to someone outside the brokerage business. San Francisco-based TransAmerica Corp., involved in insurance and other financial services, has been mentioned as a possible buyer.

U.S.-Singapore Trading Link Delayed

AP/Wide World Service SINGAPORE — A trading link between Singapore's second securities market and its U.S. counterpart has been delayed until next year, the Stock Exchange of Singapore said Sunday.

The link between the Stock Exchange of Singapore Dealing & Automated System and the National Association of Securities Dealers, NASDAQ, was to have begun Tuesday. The stock exchange announcement said the decision to postpone was made jointly in view of recent market developments.

Despite Gulf Troubles, West Is Confident on Oil

Huge Stocks Lessen Fears of Disruption

By Yousef M. Ibrahim New York Times Service PARIS — New conditions affecting world oil supplies have put the industrial countries in a position to withstand even a major disruption of the flow of petroleum from the Gulf, according to senior officials in the United States and other Western countries.

Unlike the shocks to Western economies when Middle Eastern crude was withheld from world markets in 1973 and 1979, Western industrialized countries today could draw on billions of barrels of oil stored in the United States, Western Europe and Japan, as well as a large amount of unused oil-producing capacity in countries outside the Gulf.

U.S. officials have said they increased the number of U.S. naval vessels in the Gulf this year to assure that the flow of oil is not interrupted. However, the buildup of U.S. and other Western naval forces has also been explained in political and military terms: to maintain Western influence in waters in which the Soviet Navy has also become active and to reassure Arab countries.

As of Nov. 1, the 24 countries of the Organization for Economic Cooperation and Development, which include the Western democracies and Japan, had 3.3 billion barrels of oil stored.

This is enough to supply all 24 countries for 97 days at present rates of consumption. That is strikingly different, many analysts said, from the days of the 1973 Arab oil embargo, and the Iranian revolution, which interrupted the flow of about 6 million barrels of Iranian oil a day in 1979.

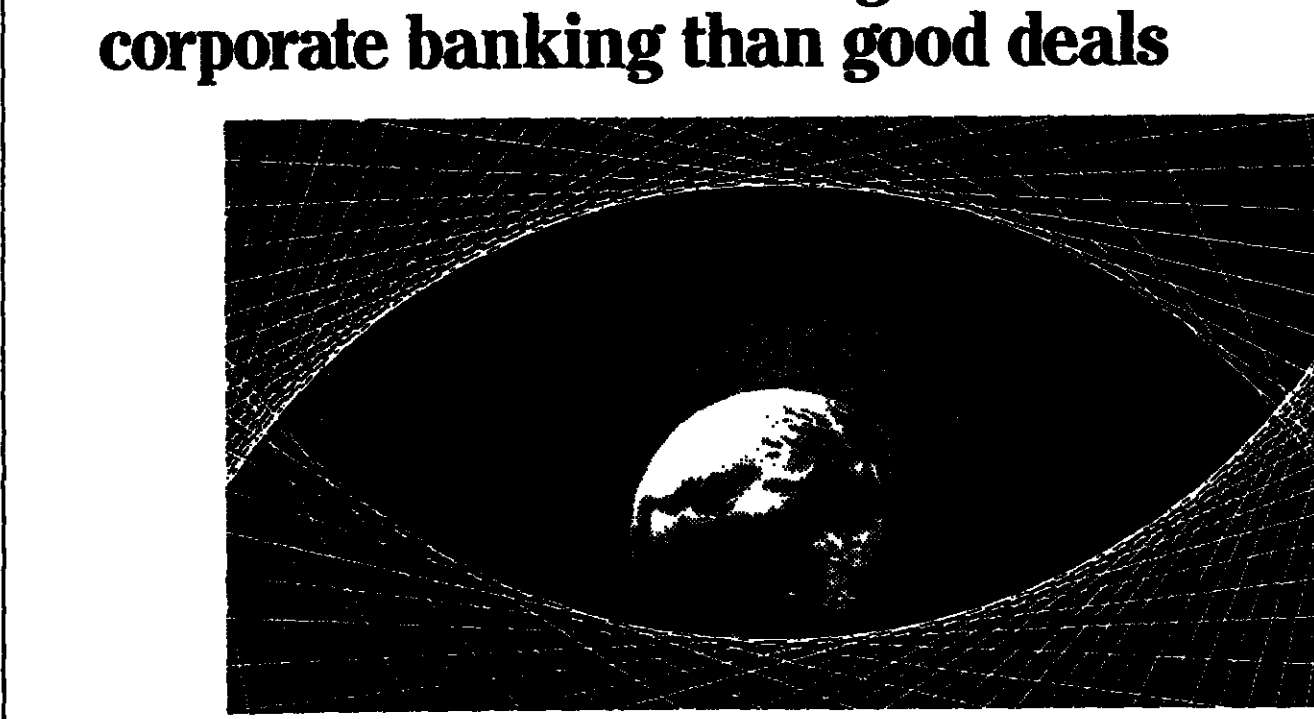
Based on strategic studies and the experience of the Iran-Iraq war, many officials believe that a major disruption could not outlast the 97 days of reserves. They said that countries such as Nigeria, Mexico and Venezuela with unused production capacity would be quick to take advantage of the sudden increase in demand for oil.

Furthermore, if the disruption were confined to Gulf tanker traffic, the Western countries would also continue to get Middle Eastern oil from an increasing flow through overland pipelines.

"We can put between 3 and 4 million barrels a day into the refining capacity of the United States alone," the U.S. secretary of energy, John S. Herrington, said in an interview last week. "In the United States alone we have 120 days of supplies, which protect us against any dislocation — three times

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Algerian Doubts on Prices Oil analysts said Iran lost an important ally on Saturday when Algeria apparently joined most Arab oil producers in backing Saudi Arabia's stand to keep the benchmark price of oil at \$18 a barrel, Reuters reported from Manama, Bahrain.

Iran has been trying to rally support to drive up prices when the Organization of Petroleum Exporting Countries meets in Vienna on Dec. 9. Algeria's deputy energy minister, Saïed Gueyba, said in Kuwait that Algeria favored high prices, but added: "In the current context, what is just and what is possible may be different."

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Last Week's Markets

All figures are as of close of trading Friday

Table with columns for Stock Indexes (DJI, NYSE, FTSE) and Money Rates (Discount rate, Fed funds rate, Prime rate)

Currency Rates

Table with columns for Cross Rates (Amsterdam, Brussels, Frankfurt) and Currency Rates (Austrian sch., Belg. franc, British pound)

Other Dollar Values

Table with columns for Currency (Argentine peso, Australian dollar, Canadian dollar) and Per \$ (Mex. peso, New Zealand dollar, Swiss franc)

Forward Rates Table with columns for Currency (Swiss franc, Canadian dollar) and 30-day, 60-day, 90-day rates

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### New International Bond Issues

Compiled by Laurence Desmettes

Issuer	Amount (millions)	Maturity	Coupon %	Price	Price end week	Terms
<b>FLOATING RATE NOTES</b>						
Flash IV	\$ 30	1992	0.20	100.10	—	Over 6-month Libor. Noncallable. Fees 0.11%. Denominations \$100,000.
Council of Europe	DM 250	1996	libor	100	99.90	Interest will be pegged to 6-month Libor. Callable at par in 1993. Exchangeable in 1990 and 1991 for a fixed-rate noncallable bond paying 6 1/2%, due 1996 and priced at 100%. Fees 0.35%.
European Investment Bank	m.200,000	1995	1/4	100	—	Over 6-month Libor, or over average of 6-month Italian Treasury bills and domestic 6-month Euro interbank rate, plus 1/4%, if later a less than 1/4% point below Libor. Callable at par in 1988. Fees 0.07%.
Council of Europe	¥10,000	1994	0.55	100.20	—	Below Japanese long-term prime rate, semiannually. Callable at par in 1989. Fees 0.25%. Denominations 10 million yen.
<b>FIXED-COUPON</b>						
Finland	\$100	1992	9 1/2	101 1/4	99.45	Noncallable. Fees 1 1/2%.
Asian Development Bank	DM 200	1994	6	100 1/4	99.50	Noncallable. Fees 2%.
East Asiatic Company	DM 150	1992	5 1/2	100	98.45	Noncallable. Fees 2%.
Infinita	DM 50	1993	5 1/2	100	—	Noncallable private placement.
IMI Bank Int'l	ECU 100	1991	8	101 1/4	99.88	Noncallable. Fees 1 1/2%.
Belgium	¥55,000	1992	5 1/2	102 1/4	100.88	Noncallable. Fees 1 1/2%. Denominations 25 million yen.
<b>EQUITY-LINKED</b>						
Ranks Hovis McDougall	£ 59	2003	open	100	100.00	Coupon indicated at 4% to 5 1/2%. Redeemable in 1993 to yield 9 1/2%. Convertible at 300 pence per share, a 1 1/2% premium. Fees 2 1/2%. Terms to be set Dec. 8.

## Japan's Influential Mr. Saito Points a Mirror at U.S.

For some Japanese, Eishiro Saito, as head of the country's most powerful employers' organization, the Keidanren, exercises influence on par with the finance minister or central bank governor. As a new government takes shape in Tokyo, faced with the challenge of adapting policies to reflect Japan's growing power in the international economy, Mr. Saito spoke in Tokyo with John Vinocur, executive editor of the IHT. Mr. Saito's remarks were made through an interpreter.

Q. But you've been living with 125/140, and from this fact can we conclude that currency rates are simply not the solution to the trade imbalance?  
A. Well, I agree with you. Currency alignment is not the only way. It has to be coupled with other efforts of that nature, especially in terms of strengthening the

allowing foreign builders to participate in particular construction projects of that state.

Q. We have made every effort to try to increase imports from abroad to solve the problem of trade imbalance. Even in construction, if there are non-Japanese industries that are more efficient than we are, then let them come in. And at the same time, the United States should do its own homework as well as make its industries more efficient and improve competitiveness.

Q. Given the dollar's current weakness, how do you regard the continuation of capital flows from Japan to the United States in long-term investment? Do you think they are going to decline?  
A. All I can say is that it does not look right for the United States to continue to depend very largely on overseas funds to finance its continuing budget deficit. It first must direct all its efforts and resources to resolving two basic problems bothering the economy: the deepening of the federal budget deficit and the still-aggravating trade imbalance.

Q. Japanese industry seems to proceed quietly in its relationship with European countries that have strong tariff barriers or other protection practices that exclude, for example, Japanese cars or television sets. Yet you are vocal, aggressive in relation to the United States, which is almost a bazaar

—where anyone can walk in. Why is there this distance?  
A. I don't think Japan is vocal or as loud-mouthed as you seem to think in relation to the United States. On the contrary, it is America that is more loudmouthed and vocal against us. We have already discussed exchange-rate questions. What is most crucial, in particular in stabilizing foreign exchange rates, is coordination, collaboration and cooperation between and among Japan, the United States and the European countries. This is why I feel very strongly that if a meeting of the Group of Five nations or Group of Seven nations is to be reconvened, all the countries need first to build a secure-enough consensus to coordinate their policies. If the next meeting is going to end up inconclusively because this necessary prior consensus is not there, then we might end up with another major, catastrophic market crash.

Q. More specifics, please. When you're talking about coordination, cooperation, what do we do specifically?  
A. What I am saying is very much in line with the sort of things that came out of the Venice economic summit meeting, i.e., surveillance of the performance of economic policies so that there is no major digression from what is agreed upon in terms of exchange rate, etc. To put it more bluntly, these participating countries should try to enforce agreements reached through intervention in the currency market.

Q. Where do you think the dollar and yen will stabilize and how long a period of time will it take to get to that stabilization?  
A. This is a very often-asked question and nobody can answer it on any firm economic ground, because a question of this sort, we feel is 50 percent economic and 50 percent psychological.

Q. Let me move in a more fruitful direction, then. At what level — dollar/yen — do Japanese industries begin to hurt?  
A. Again, the answers are relative. In September 1985, the exchange rate was 250 yen to the dollar. I went to 200 and to 210, and I remember we used to say that 200 and 210 was as far as we could go and tolerate it, economically. But then the yen started going up to 180 and 150. That's the latest thinking on the ultimate level of exchange rate that we can tolerate.

#### MONDAY Q&A

competitiveness of American industry — of better price and better quality, which of course does not mean that there are not areas where Japan should not do its own homework, like encouraging imports.

Q. Let me take another example: the construction projects in Japan. What's your position on American firms' involvement in those projects?  
A. Well, I realize that the United States has been demanding, asking some kind of a reciprocal arrangement involving public works projects. But Japan's position is that this program must first be worked out by having the United States, Japan and other countries come to the table and devise some rules for this program.

Q. Americans would answer: That's a dodge. How do you react to that?  
A. Well, I think it is wrong to say that such positions by the Japanese government are "a dodge" or "evasion of the issues." But as far as the United States is concerned, each state has different rules and regulations

## EUROBONDS: Banks Can't Escape Swap Risk

(Continued from first finance page) financial markets from overexposure of nonfinancial companies or individuals because their capacity for leveraging positions is much smaller.

However, securities houses will clearly be the next target for regulators. Even before the October crisis, the Bank of England had announced its intention to seek tougher capital requirements in that sector.

Jeffrey R. Shafer, a counselor for international economic policies at the Organization for Economic Cooperation and Development, urges that governments go further. In an essay on "Managing Crises" in the autumn edition of the OECD Economic Studies, he says "there is a greater need for coordination among financial supervisors... consolidating regulatory and supervisory responsibilities in countries where they are now spread among several authorities. And there is a greater need for coordination internationally."

He also sees the need for "stronger regulatory powers and stronger will to use them to force reorganization of financial institutions that are judged to be at the outer limits of safety — that is, before they are unquestionably insolvent."

Meanwhile, activity in the Euro-

bond market last week remained subdued, with the promised U.S. budget cuts not restoring confidence and the dollar still under attack.

The largest issue was for Belgium, which tapped the Euroyen sector for \$5 billion yen. The proceeds will be used to refinance a \$400 million floating rate note which was due to have matured in 2004.

Belgium set a coupon of 5 1/2 percent on its seven-year bonds which were offered at a price of 102 1/4. Subtracting the 1 1/2 percent underwriting fees, the paper yielded 3 3/4 percent. The market, in the words on one dealer, considered it a "blow-out — well priced, and appealing to investors who prefer huge, liquid issues."

Finland tapped the dollar sector, raising \$100 million which will be swapped into floating-rate dollars and then into sterling. However, the relatively small size was a drawback to investors who now consider issues below \$250 million to be potentially illiquid investments.

Its five-year notes were priced at 101 1/4 bearing a coupon of 9 1/2 percent. Less the fees of 1 1/2 percent, the paper was offered to yield 7 3/4 basis points more than comparably dated U.S. government paper.

The Deutsche mark sector was buoyed by last week's quarter-

point cut in the Bundesbank's repurchase rate and anticipation of an impending cut in its 3 percent discount rate.

The Asian Development Bank had the best reception with a moderately large issue of 200 million DM.

The first equity linked issue since the October stock market collapse was announced for Ranks Hovis McDougall PLC, the British food company. But the exercise was expensive: The company offered investors the right to redeem the 15-year sterling bond after five years for a yield of 9 1/2 percent — a half-point above the current yield on British government paper.

This option appealed to the current defensive attitude of investors, who would like to hold equities but are reluctant because of the current market uncertainty. Thus, if the stock price fails to appreciate much over the next five years, they can redeem the paper and pocket more than if they had invested in gilts.

Worth noting, Ranks Hovis has the right to effect conversion into cash rather than stock. This makes little difference to investors, who can use the cash to buy the stock if they want. But it does give the company the right to prevent any undesirable investors from acquiring a large block of stock, and thus voting rights, via this convertible.

## Spanish Bank Merger Thrown Into Doubt

MADRID — Mario Conde, a young Spanish businessman, appears to have given new impetus to Banco Español de Crédito's struggle with the rival Banco de Bilbao, which has been seeking a merger.

Bank analysts said on Sunday that Bilbao had overestimated its ability to dictate terms to the board of Banesto, as the bank is known, and was faced by a formidable opponent in Mr. Conde.

Mr. Conde appeared to have strengthened his influence over Banesto's board after the managing director, José María López de Letona, resigned on Saturday. A bank spokesman said Mr. Conde had been appointed deputy chairman.

After Bilbao's chairman, José

Maria Sánchez Asain, met with Mr. Conde, Bilbao on Saturday put off a news conference at which it had been expected to launch a hostile bid for Banesto. Earlier this month, Banesto rejected what Bilbao termed a friendly bid.

"I think Banco de Bilbao thought they would have the whole deal sewn up in three days and they now look as if they are losing the initiative," an official at a major Spanish bank said.

Mr. Conde, 38, and his business partner, Juan Abello, recently acquired an estimated 5 percent to 8 percent stake in Banesto. Banesto is Spain's second bank and Bilbao is normally ranked third. A merger between the two would create Spain's largest bank.

Failure of the merger would embarrass the government, which has encouraged mergers as a way of catching up with increased international competition.

A senior manager with Bilbao said a hostile bid had been shelved because Banesto was now willing to discuss a friendly merger.

But one analyst said, "Conde is a very skilled negotiator and is just putting things off."

Last Thursday, the Kuwait Investment Office said it was forming a company with a Spanish construction concern, Construcciones y Contratas SA, to increase its stake in Spain's largest bank, Banco Central SA, to at least 12.25 percent of the bank's shares.

## Japan Vehicle Exports Fall

TOKYO — Japan's vehicle exports fell 0.6 percent from a year earlier to 533,395 in October, the industry association said Saturday.

SELECTED U.S./U.K. QUOTATIONS	USD	ASK
Alan Jones Pit Stop	2 1/4	3
Bitter Corp.	2 1/4	2 1/4
Chiron	13 1/4	13 1/4
GoodWork Food	8	8 1/4
MAG Holdings	2 1/4	2 1/4
NAV/AR	—	1 1/4
Not. Business Systems	9 1/4	9 1/4

WITH COMMENTS OF CONTINENTAL AMERICAN  
These are indicative market prices

## Big Buy-Back

Some of the smartest companies in the world were buying their own shares during the October fiasco — anticipating future growth eruptions that the investing public hasn't yet dreamed about. Write, phone or telex for complimentary reports on next takeoff industries.

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IN THE IHT EVERY WEDNESDAY WITH PERCEPTIVE CRITICISM OF THE LONDON THEATER

## Multi-Option Facilities Are à la Mode In Rush of Programs Before Holiday

By Carl Gewirtz

International Herald Tribune  
PARIS — A flood of credit programs was announced last week as bankers rushed to clear their desks ahead of the international credit market's year-end holidays.

Multi-option facilities, giving borrowers the right to tap various short-term instruments before drawing from the banks, are the fashion, especially for French borrowers.

BSN, the food and drinks company, will tap the market this week for a \$600 million multi-option facility that will run for five years. Because drawings can be made in French francs as well as foreign currencies, underwriters are limited to banks operating in France, who therefore have access to francs.

The annual facility fee will be 5 basis points. Drawing charges will be 10 basis points over the Paris interbank rate for drawings in francs or 2 basis points over the London interbank offered rate for foreign currencies. Utilization fees will add 2 basis points for drawing up to one-third of the credit, 4 basis points for up to two-thirds and 6 basis points for more than that.

Dollfus Mieg & Compagnie, a French textile manufacturer, is seeking a five-year multi-option facility of 150 million European Currency Units. The annual fee is 7 basis points and the cost to draw on the loan is set at 1 1/2% basis points over Libor or 8 1/2% basis points over Libor.

There will be a utilization fee of 5 basis points if more than half the credit is drawn. Front-end fees range up to 7 basis points for banks underwriting 12 million ECU.

Also seeking a five-year multi-option facility, of 80 million ECU, is Leroy-Somer SA, a French maker of industrial electric motors.

The charge on drawings is 10 basis points over Libor and 18 1/2 basis points over Fibor. There are utilization fees of 3 basis points for using more than 33 percent of the facility and 6 basis points for drawing over 66 percent.

In the international sector, Allied-Lyons PLC, the British food, drinks and hotels group, said it had increased the size of its multi-option facility arranged in June 1986 to \$755 million from \$500 million. An option to draw sterling bills of exchange also has been added to the facility.

Saatchi & Saatchi Co., the world's largest advertising agency, has appointed Chase Manhattan Bank to arrange a \$450 million, five-year multi-option facility. Interest will be set at 10 basis points over Libor with a utilization fee of 2 1/2 basis points if more than half is drawn.

The annual facility fee is 6 1/4 basis points and front-end fees range up to 6 basis points for banks underwriting \$35 million. The company can ask banks to bid for terms on sterling acceptances or multi-currency bank advances. But to draw in sterling, the company will bear the reserve asset costs of lending banks.

American Brands, a diversified tobacco and foods group, appointed Citicorp to arrange a \$600 million revolving credit facility with a maturity of three years. The loan will pay interest at 20 basis points over Libor and if more than half is drawn there will be a utilization fee of an additional 5 basis points.

There is a commitment fee on any undrawn amounts of 6 1/4 basis points.

A novel feature, aside from the short maturity of the loan, is the

protection given to lenders against a change in the company's credit standing. Its long-term debt is currently rated single-A, but if this should fall to below triple-B, the charge to borrow would increase by 1/4-point.

WPP Group PLC, another British advertising firm, has appointed S.G. Warburg & Co. to arrange a credit. Details were not available, although bankers were surprised that Warburg had won the mandate since Samuel Montagu & Co. is an adviser to the company and had previously arranged back-up financing for the firm.

Marriott Corp. named Credit Suisse-First Boston to set up a \$200 million, seven-year revolving credit facility that will replace an outstanding note issuance facility.

The credit, slightly longer than the maximum five years currently favored in the market, bears a margin of 20 basis points over Libor, and a 10 basis point annual facility fee. The facility replaces a \$150 million note issuance facility set up in 1985 with an identical margin and an annual fee of 12 1/2 basis points.

Satol, Norway's state oil company, is establishing a \$250 million revolving credit facility with a term of six-and-a-half years. Bank of Tokyo said as arranger.

The structure includes a committed revolving facility and an uncommitted short-term advances facility. It carries a margin of 6 1/4 basis points above Libor.

## Treasuries' Drop of 3 Points In Week Is Biggest Since May

United Press International  
NEW YORK — Prices of U.S. government bonds last week posted their biggest weekly losses since May, with longer-dated issues

#### U.S. CREDIT MARKETS

dropping more than 3 points on the dollar's weakness and stronger than expected U.S. economic growth.

The bellwether 8 1/2 percent bond due 2017 ended the week sharply down at 97, to yield 9.17 percent, from 100 6/32 the previous week, when it returned 8.86 percent.

Salomon Brothers Inc. blamed the fall on rising commodity prices, a fall in the dollar against the Japanese yen, and "unexpectedly good economic news" that for bond investors contributed to worries about inflation.

national product was revised upwards to a 4.1 percent annual rate from 3.8 percent, and corporate profits in the July-September period showed a 5.2 percent rise from the previous three-month period.

Seasoned corporate and mortgage-backed issues outperformed government bonds, Salomon Brothers said, causing their yield margins above Treasuries to narrow by a further 10 basis points, or hundredths of a percentage point.

U.S. Consumer Rates	Nov. 27
The Standard Bank	7 1/4 %
Bank of America	7 1/4 %
Money Market Funds	—
Dow Jones' 7-Day Average	644 1/4
Bank of America's Accounts	8 1/2 %
Bank of America's Rates	8 1/2 %
Home Mortgages - FHLLI average	9 1/2 %

Source: New York Times.

Amsterdam

London

Zurich

New York

Tokyo

Singapore

**CREDIT LYONNAIS.**  
**LE POUVOIR DE DIRE OUI.**











SPORTS

SPORTS BRIEFS

Tomba Takes 2d Straight Race; Wolf Wins

Gervacio Takes Junior Featherweight Title

SAN JUAN, Puerto Rico (AP) — Julio Gervacio of the Dominican Republic stripped American Louie Espinoza of the World Boxing Association junior featherweight title on a unanimous 12-round decision here Saturday.

In Port-of-Spain, Trinidad, Donny Lalonde of Canada knocked out American Eddie Davis in the second round of a scheduled 12-rounder Friday to claim the vacant World Boxing Council light heavyweight title.

Lalonde, 27, is the first Canadian in 61 years to win a light heavyweight title. His record stands at 30-2; Davis, top-ranked in the division coming into the fight, is 38-6.

Howard University's Playoff Bid Is Rejected

WASHINGTON (AP) — A federal judge on Friday denied Howard University's request that the Division I-AA playoff games be halted while Howard sues the National Collegiate Athletic Association over its exclusion from postseason play.

Le Glorieux of France Wins Japan Cup

FUCHU, Japan (AP) — Le Glorieux of France, ridden by Alain Lequeux, won the Japan Cup Sunday, three-quarters of a length ahead of an American horse, South Jet. Le Glorieux was timed in two minutes, 24.09 seconds, a record for the 2,400-meter (1 1/2-mile) race in suburban Tokyo.

Compiled by Our Staff From Dispatches. SESTRIERE, Italy — Alberto Tomba of Italy won his second consecutive World Cup ski race in three days Sunday with a giant slalom victory that kept Ingemar Stenmark from a record 86th triumph. Tomba, only 20 but already

WORLD CUP SKIING

dubbed the successor to Gustav Thoeni, the Italian Alpine hero, won a special slalom here Friday. On Saturday, Austrian Stigrid Wolf shot to victory in a women's super-giant slalom. Wolf skied the one-mile (1,610-meter) Kandahar course in 1 minute, 16.64 seconds.

Yugoslav Mateja Svet was second in 1:16.69 and Sylvia Eder of Austria third in 1:17.70 on a forested run that dropped 528 yards (482.80 meters).

Tomba was third-fastest in Sunday's first run and second-fastest in the second, down the Kandahar track to clock a winning aggregate of 2 minutes, 19.51 seconds.

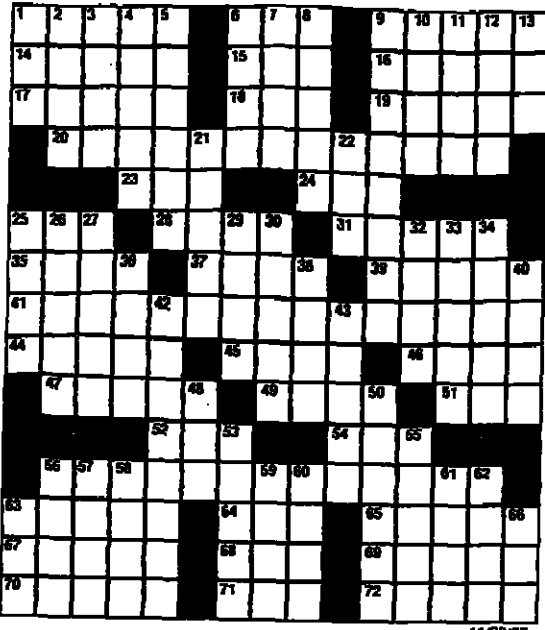
Stenmark, a 31-year-old Swede and the biggest World Cup winner with 85 triumphs in a 14-year career, was the runner-up, nine-hundredths of a second behind Tomba. Joel Gaspoz helped save the reputation of the Swiss team by capturing third place in 2:19.77.

West German Michaela Gerg placed fourth Sunday in 1:17.71, with Italian Deborah Compagnoni shining in only her second cup race by placing fifth. Fernandez Ochoa, winner of the season-opening slalom, finished sixth and American Edith Thys, a C-team racer last season, was a surprising seventh.

Swiss women, all conquering at last February's world championships with an eight-medal haul, had to settle for the 10th-place finish of Vreni Schneider. (UPI/AP)



Alberto Tomba: "I had hoped to make the podium, but..."



ACROSS 1 Bible item 6 Sum total 11 String 15 Comedienne Arthur 16 Russian coin 17 Frighten 18 Small ape 19 Hamburger topper 20 Nonplused 23 Ocean's little sister 24 Roman deity 25 Assist 26 Go by taxi 31 Waned 35 Israeli dance 37 Pinball machine no-no 39 Iris, lace or braid 41 Speechless 44 Swahili or Zulu 45 Take on hands 46 Departed 47 Short comic plays 49 N.J. five 51 Last-weekend results 52 Flightless bird of yore 54 Author Fleming

Solution to Friday's Puzzle

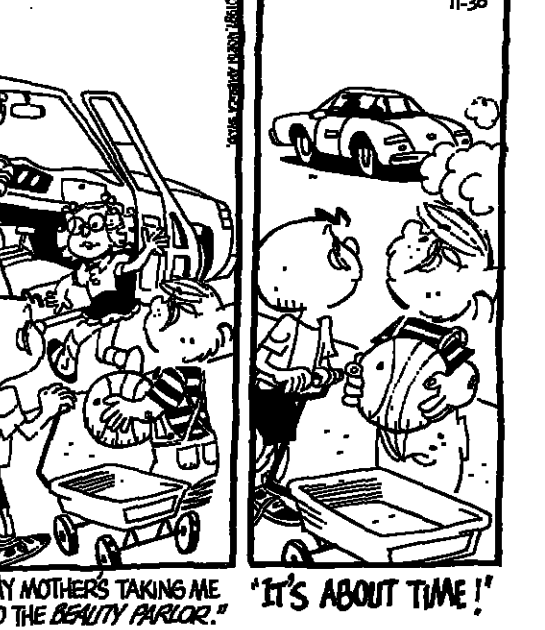
RENO PRAM ATONE APEX RENT RITES WIRY EVIL SAILS COMEFULLGIRCLE OGGEE IONA REAPER GOESBAD OLLOS BARM ALA TURNTHEATABLESON ODE ANEM IRENE RESTAGE SCALES ARUM LEIS CHANGEONESTUNE RISKY TENT RIPE ARTIEL HATE ELEA WEADE SLOOT SEER

For the Record

UEFA, European soccer's governing body, has announced that the European Champions Cup final will be played May 25 in Stuttgart and the Cup Winners' Cup final May 11 in Strasbourg, France. (AP) Football coach Earle Bruce, who was fired two weeks ago by Ohio State University, has dropped a \$7.4 million suit against the university in return for a \$471,000 settlement, an attorney for the university said. The firing prompted an outburst of public criticism against the university's president, Edward Jennings, who fired Bruce. The university's athletic director, Rick Bay, resigned in support of Bruce. (AP)

© New York Times, edited by Eugene Malachuk.

DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words. GENUB EGGOU UMLUTT LEHTAH

Friday's Jumble: GAVEL, ALIAS, BUMPER, SOCKET. Answer: What is the word you want to catch a catfish — A NOISE AS BAIT.

WEATHER

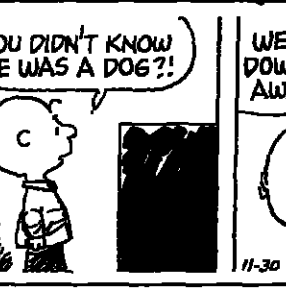
Table with columns for EUROPE, ASIA, AFRICA, LATIN AMERICA, NORTH AMERICA, MIDDLE EAST, and OCEANIA. It lists various cities and their weather conditions (High, Low, Clouds, etc.).

MONDAY'S FORECAST — CHANNEL: Smooth. FRANKFURT: High: Temp. 4-2. LOW: 10-12. LONDON: Cloudy. Temp. 9-11. MADRID: Partly cloudy. Temp. 7-11. NEW YORK: Cloudy. Temp. 4-11. PARIS: Partly cloudy. Temp. 5-11. ROME: Partly cloudy. Temp. 11-15. ST. LOUIS: Partly cloudy. Temp. 45-55. TEL AVIV: Not available. ZURICH: High: Temp. 7-11. Low: 4-6. BANGKOK: Thunderstorms. Temp. 24-30. HONG KONG: Partly cloudy. Temp. 11-15. MANILA: Showers. Temp. 31-33. SEOUL: Partly cloudy. Temp. 4-11. TOKYO: Partly cloudy. Temp. 32-39.

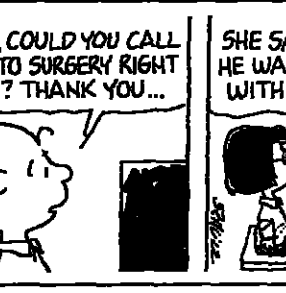
PEANUTS



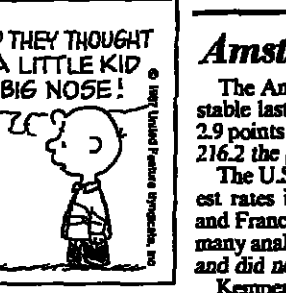
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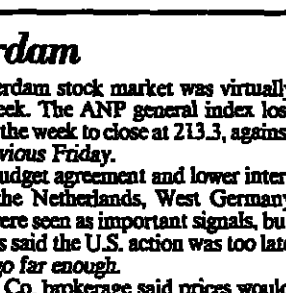
BEETLE BAILEY



ANDY CAPP



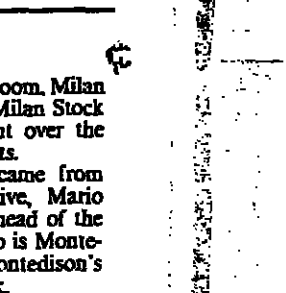
WIZARD of ID



REX MORGAN



GARFIELD



WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam

The Amsterdam stock market was virtually stable last week. The AEX general index lost 2.9 points on the week to close at 213.3, against 216.2 the previous Friday.

Milan

Struggling off several weeks of gloom, Milan stocks surged last week, and the Milan Stock Exchange Index rose 6.95 percent over the previous week to close at 739 points.

Frankfurt

The agreement on the U.S. budget deficit helped the tone on the Frankfurt stock exchange last week, and the Commerzbank index gained 33.9 points on the week to close at 1,359.6, up 2.6 percent.

Singapore

Prices continued to drift aimlessly on the Singapore stock exchange. The weakening of the U.S. dollar dampened market sentiment, reflected in Friday's turnover of 12.9 million units, the lowest this year.

Hong Kong

Average daily turnover on the Hong Kong stock market slumped to 840 million Hong Kong dollars last week, well down on the previous week's 1.15 billion dollars.

Tokyo

Prices on the Tokyo Stock Exchange rose for a second week, with the Nikkei average recovering the 23,000-yen level for the first time since Nov. 4.

London

Trading volume fell to its lowest level since December 1986 on the London Stock Exchange last week. The Financial Times 30-share index ended 22.7 points up on the previous week, and the Financial Times-Stock Exchange 100-share index up 18.2 points.

Zurich

Prices were irregular on the Zurich stock market last week. The Credit Suisse index rose marginally to 444.8, from 438.6 the previous Friday, and the Swiss Bank Corp. index to 493.8 from 489.6.

French Are Moving to Block Hostile Foreign Takeovers

PARIS — Low stock prices are prompting French companies not only to launch defensive stock buy-backs, but also to consider mergers and other capital restructurings before the dismantling of European financial barriers in 1992. Share analysts said internal moves to strengthen capital against outsiders would probably be supported by a parallel government effort to prevent underdeveloped industrial sectors from hostile takeovers as the market opens up. "The current low stock prices provide an opportunity which probably will not come again," said Edouard Contreau, an analyst. Mr. Contreau, who heads a private industrial consulting group, added, "we are going to see more consolidation, in line with long-term strategies, as companies prepare for 1992 when they have to face up to European competition." Aggressive takeover bids such as that launched last month by the Italian conglomerate, Gruppo Ferruzzi, against the sugar and edible oil company, Saint Louis, are driving French groups to make such moves. The top-ranking French companies are the most attractive to riders and that means the attacker has to be a powerful group with a lot of stamina, one analyst said. In late October, Ferruzzi announced it had taken a 6 percent stake in Saint Louis. Within two weeks, it raised that to almost 14 percent through purchases on the open market. Saint Louis, reluctant to be part of the global strategy of the Ferruzzi chairman, Raul Gardini, retaliated quickly to the first threat by increasing its capital. Earlier this month, a new factor was introduced when Finance Minister Edouard Balladur referred the Ferruzzi-Saint Louis issue to the fledgling monopolies commission. Analysts said more referrals could occur as the government, still protective of its major industries, tried to prevent foreign bids for its most important companies. France would probably call in its new commission, for instance, if the latest takeover speculation, centering on the insurance industry, proves well-founded. On Tuesday, shares in the insurance group, Compagnie du Midi, rose sharply on rumors of a bid by Allianz AG of West Germany. Midi denied the rumors and Allianz declined comment, but Midi shares rose 91 francs (\$1.61) to 946 on Tuesday and added another 10 francs Thursday. Analysts said they would be surprised if the government allowed the acquisition, since the government is aware that the insurance sector is underdeveloped. For this reason, the government has been careful not to float its three nationalized insurance groups early in the privatization program, before they were ready. The collapse in stock prices eventually caused a postponement of the December flotation of the largest, Union des Assurances de Paris. Susanna Hardy, an analyst with the London brokers, James Capel, said: "There's a fear that if France opens up more, the way Germany for example has an open economy, they will be strengthened, because they don't have the strength behind their currency and their industry hasn't yet pulled itself out of the late 1970s and early 1980s."



SPORTS

Miami and FSU Stay In Running for No. 1

MIAMI—Two contenders from Florida remained in the race for the national college football championship when Miami and Florida State scored victories Saturday.

U.S. COLLEGE FOOTBALL

MIAMI—Two contenders from Florida remained in the race for the national college football championship when Miami and Florida State scored victories Saturday.



Melvin Bratton of Miami, scoring the first of his two touchdowns against Notre Dame.

MIAMI—Two contenders from Florida remained in the race for the national college football championship when Miami and Florida State scored victories Saturday.

Saints Melt Steelers, 20-16

PITTSBURGH — Big defensive plays set up scores for New Orleans as the Saints rallied Sunday to beat the Pittsburgh Steelers 20-16 in National Football League action.

With the Steelers leading 14-10, the Saints' defense — the second-best in the NFL — forced a fumble ahead of Bobby Hebert's fourth-quarter scoring pass.

Rueben Mayes scored on a 5-yard run in the third period as the Saints won their fifth in a row, rallying from a 14-3 halftime deficit in a game dominated by two of the league's best defenses.

After Anderson's 32-yard field goal in the middle of the fourth quarter, which made it 20-14, the Steelers quickly marched to a first down at the 4-yard line of the Saints on Malone's completions of 34, 7 and 11 yards to Calvin Sweeney.

SCOREBOARD

Basketball

U.S. College Results

Table with columns for U.S. College Results, including Friday's Scores and Saturday's Scores for various teams like Auburn, Miami, and Florida State.

Hockey

National Hockey League Standings

Table with columns for National Hockey League Standings, including Eastern Conference and Western Conference results.

Cash and Lendl in Final Of 'Stakes Match' Tennis

By Lisa Dillman Los Angeles Times Service WEST PALM BEACH, Fla. — They've said that the Stakes Match is turning the tennis world upside down, but this is ridiculous.

On Saturday, one of the winners went one step further and turned a table over in front of a group of journalists in the interview room.

European Soccer

WEST GERMAN FIRST DIVISION

Table with columns for European Soccer, including West German First Division and Italian First Division results.

A \$175,000 Ace by Trevino Sews Up Golf's 'Skins Game'

LA QUINTA, California — Lee Trevino struck for a \$175,000 hole-in-one on the 17th hole Sunday, giving him \$310,000 and a victory in the fifth annual Skins Game.

Trevino's 6-iron shot on the par-3 hole bounced about four feet in front of the flag on the island green before settling into the cup.

Trevino, who began the back nine at PGA West with \$25,000, rolled in three birdie punts — at No. 10 for \$25,000, No. 12 for \$50,000 and No. 18 for \$35,000.

Tennis

MINI'S EVENTS

Table with columns for Tennis, including Mini's Events and Wimbledon results.

World Cup Skiing

WOMEN'S SUPER-GIANT SLALOM

Table with columns for World Cup Skiing, including Women's Super-Giant Slalom and Women's Overall Standings.

Football

U.S. College Results

Table with columns for U.S. College Results, including Football and Basketball results.

Transition

BASEBALL

Table with columns for Transition, including Baseball and Basketball results.

Transition

BASEBALL

Table with columns for Transition, including Baseball and Basketball results.

Several weeks of gloom, the last week, and the M&B...

MIAMI—Two contenders from Florida remained in the race for the national college football championship...

MIAMI—Two contenders from Florida remained in the race for the national college football championship...

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In Search of the Old

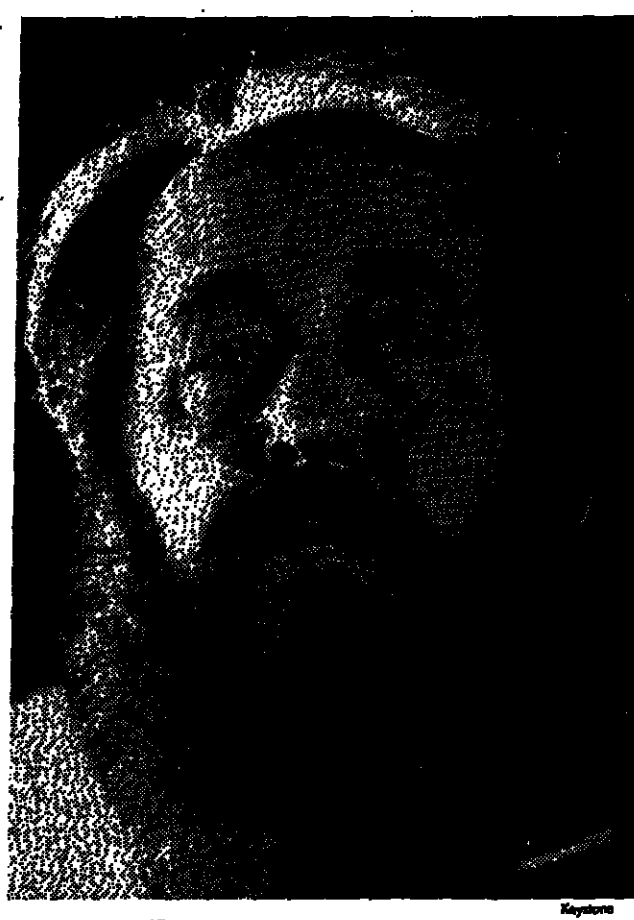
By Gary Jennings

I N today's bookstores and libraries, you can get hold of just about any kind of dictionary, from the 12-volume-plus supplements Oxford English to dictionaries of foreign languages and back-and-forth dictionaries (English-Swahili, Français-Espagnol, etc.) to dictionaries of slang, of computerese, of dirty words and even of multilingual insults. The one kind of dictionary you cannot yet find — or I can't, anyway, and I would rush to buy the first one off the press — is what I might call an English-Old-Archaic-Obsolete Dictionary. Or, to give it a catchier title, "What People Used to Call Things."

The Perimeter of the Prodigious Solzhenitsyn

By Charles Trueheart

Washing Post Service CAVENDISH, Vermont — High above town along Windy Hill Road, just beyond the gash of the power lines and the graveyard in the hillside, Alexander Solzhenitsyn's perimeter fence begins. Every few yards, painted signs declare private property, brook no trespassing. At the gate, a camera's eye is vigilant.



"I cannot go back before my books."

Simon Michael Bessie, of Harper & Row, describes the first volume of "The Gulag Archipelago" as "a phenomenon. People certainly know about the camps before the publication of 'Gulag' but 'Gulag' made it real and undeniable. By the time we got to volumes two and three, people felt they knew what they had to know about it."

expulsion work "very hard to read. It is endless. Sometimes it is impossible even to understand." In Russian émigré circles, the striking difference between Solzhenitsyn's work and post-expulsion has spawned a cruel joke — "that the Communists kept Solzhenitsyn in prison," says one writer in exile tells it, "and sent the West the wrong man."

ANNOUNCEMENTS
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